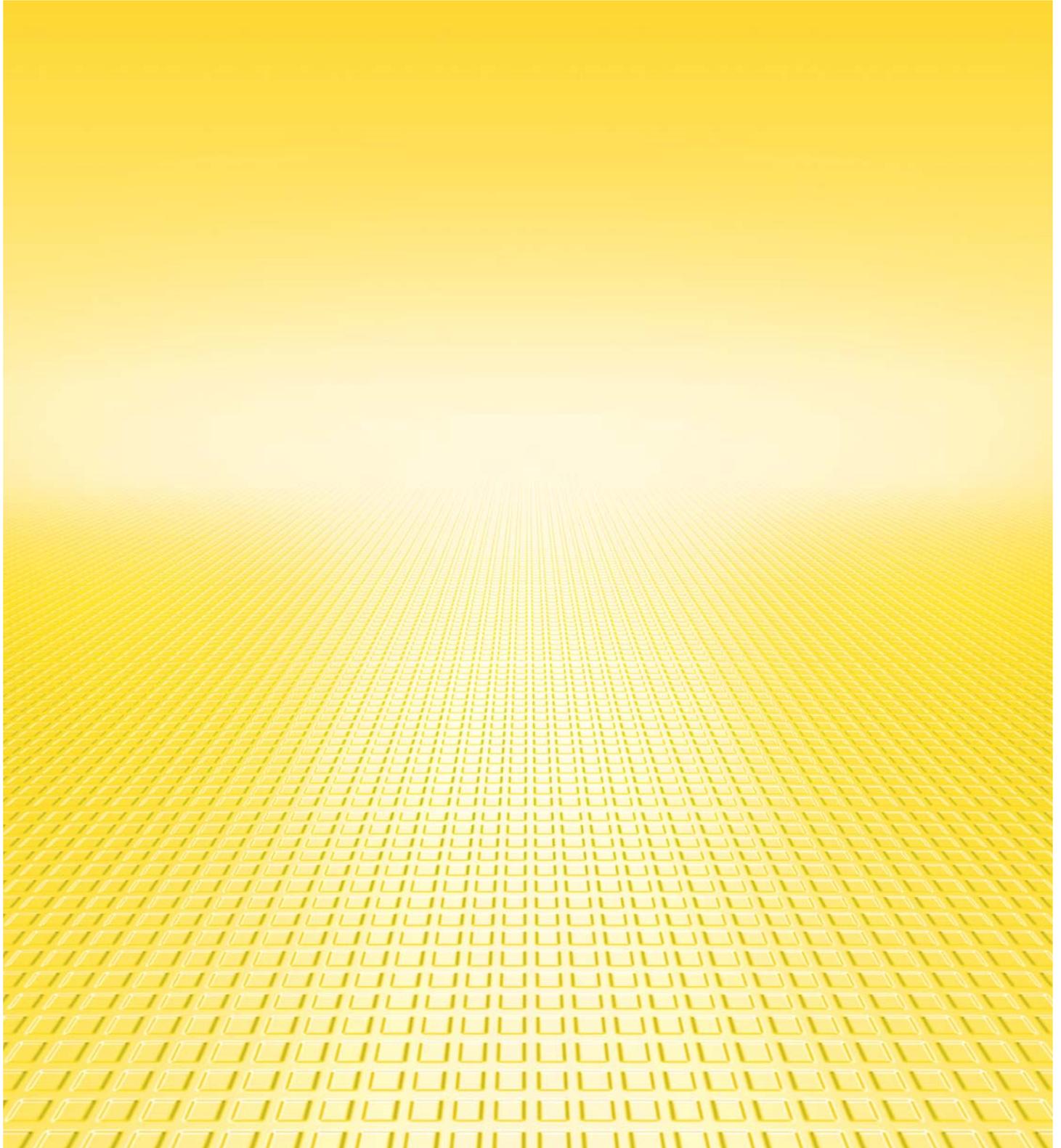


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## **Indigenous People (IP) within a Managed Ecotourism Business: A Case Study of the Pamulaklakin Forest Trail (PFT) in the Philippines**

Miriam Caryl Carada

### **ABSTRACT**

The Philippines is comprised of 7107 islands, each of which has a rich and diverse flora and fauna. This biodiversity is mainly appreciated by both locals and foreign visitors through ecotourism activities. In 2015, the Department of Tourism (DOT) estimated that the number of travelers in the country was as many as 38 million (a combination of foreign and local travelers and the Filipinos working overseas). The country remains popular with travelers despite facing some difficulties. In the 2014 World Risk Report of the UNU, the Philippines placed second after Vanuatu out of 173 countries in terms of natural disaster risk. Philippines experience earthquakes, floods, volcanic eruptions, and typhoons. The Pamulaklakin Forest Trail, in the province of Zambales, is in itself a case of an ecotourism business that was conceived as part of the recovery and reconstruction plans after there was a major eruption at Mt. Pinatubo 1991, and after the United States forces abandoned its naval base in the area. Furthermore, the initiative serves as a resilience strategy for the community the indigenous people (IP) called the Aeta. The Subic Bay Metropolitan Authority (SBMA), a government owned and controlled corporation (GOCC), managed the Pamulaklakin Trail from its foundation in 1992 until the Aetas claimed ownership of the land in 2009 as part of their ancestral domain. One of the reasons that they decided in 2013 to manage the Pamulaklakin Trail was that the area is part of the tribe's homeland. This article will discuss the sustainability of the ecotourism business of the Pamulaklakin Forest Trail (PFT), and its contribution to the resilience of the community. Field visits, including site observations and interviews with the community and staff of the SBMA, were conducted along with the gathering of secondary data. All of the data was summarized and analyzed using the business model canvas, SWOT and triple bottom line analysis. Findings indicate that there is a link between business sustainability and community resiliency, especially in terms of economic resiliency. However, the future sustainability of the business management of the tribe is in doubt as there is no business plan, marketing plan, or financial model for the business. There is also a question of the capacity of the tribe to manage the business, and there is the need for more collaboration with the SBMA in regard to management guidance. In terms of resilience, there is a significant positive impact on social resiliency, and contributions being made to environmental management and preservation for disaster resiliency, but there is hardly

any contribution by the business to economic resiliency.

**Keywords:** Ecotourism, Business Management, Indigenous People, Sustainability, Resilience

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**List of Acronyms**

|                 |   |
|-----------------|---|
| <b>CATD</b>     | <b>Certificate of Ancestral Domain</b>                          |
| <b>DOT</b>      | <b>Department of Tourism</b>                                    |
| <b>GOCC</b>     | <b>Government owned and Controlled Corporation</b>              |
| <b>IP</b>       | <b>Indigenous People</b>  |
| <b>JMA</b>      | <b>Joint Management Agreement</b>                               |
| <b>NCIP</b>     | <b>National Commission on Indigenous People</b>                 |
| <b>NGO</b>      | <b>Non-government Organizations</b>                             |
| <b>PFT</b>      | <b>Pamulaklakin Forest Trail</b>                                |
| <b>PHIVOLCS</b> | <b>Philippine Institute of Volcanology and Seismology</b>       |
| <b>PHP</b>      | <b>Philippine Peso</b>  |
| <b>SBDRRMC</b>  | <b>Subic Bay disaster Risk Reduction and Management Council</b> |
| <b>SBMA</b>     | <b>Subic Bay Metropolitan Authority</b>                         |
| <b>TIEZA</b>    | <b>Tourism Infrastructure and Enterprise Zone Authority</b>     |
| <b>UNU</b>      | <b>United Nations University</b>                                |

## I. Introduction

Natural disasters are very common in the Philippines, and the country ranks second after Vanuatu in 2014 in the World Risk Report of the United Nations University (UNU) under the category of risk of natural hazards. The Philippines lies in the Pacific Plate, the Ring of Fire and the Typhoon Belt, and is also vulnerable to earthquakes, volcanic activities, typhoons, and even tsunamis, as it is an archipelago of 7,107 islands.

Despite its vulnerability to natural disasters, the Philippines remain a popular tourist destination. According to the 2015 report of the Philippine Department of Tourism (DOT), there were 38 million tourists (foreign, local, and overseas Filipino workers) in the country that year. Tourists frequent the country as it is a showcase of natural treasures and is known to be one of the most ecologically diverse countries in the world. Tourists usually enjoy the beauty of The Philippines through ecological tourism, or what is commonly called ecotourism. This tourism niche has been defined in the context of the Philippines as “a form of tourism within a natural and cultural heritage area where community participation, protection and management of natural resources, culture, indigenous knowledge and practices, environment education, and ethics, as well as economic benefits, are fostered and perused for the enrichment of host communities and the satisfaction of visitors.”

This article will discuss the Pamulaklakin Forest trail (PFT), which is one of the many ecotourism destinations in the Philippines. The PFT is located in the municipality of Subic within the Subic Bay Freeport Zone (FPZ) in the province of Zambales, which is a former US Naval base. The Subic Bay PFZ has been created though the Republic Act No. 7227 commonly called the Bases Conversion and Development Act of 1992. The PFZ covers 67,000 hectares of land, and is being developed as a self-sustaining tourism, industrial, commercial, financial, and investment center managed and operated by the Subic Bay Metropolitan Authority (SBMA), which is a government owned and controlled corporation (GOCC).

The PFT is a unique ecotourism destination, not only in Subic, but also in the whole of the Philippines, as it is the only ecotourism site that is managed by a group of indigenous people who hold a clean title of the land where they are conducting their ecotourism business. It should also be noted that the PFT covers part of the home of the tribe. Although the business was initially managed by the SBMA for about 20 years, the community, the Aeta tribe, was granted ownership of the land and decided to take over management of the area in 2013. The PFT can therefore be classified as community based ecotourism, yet it is an exceptional case since the community comprises of the Aeta, an indigenous group of people. The group is one of the hundred groups of indigenous peoples in the Philippines, and is a particularly special tribe since it is one of the first, if not the first, inhabitants of the Philippines. The Aeta are traditionally a

hunting / gathering people, making them highly skilled in jungle survival.

The development of the PTF is unlike that of other tourism destinations as the PFT is a part of a former United States Naval base. In 1991, Mt. Pinatubo erupted which affected the base and resulted in the forces choosing to leave. The Filipino government was concerned that the facilities at the base would be looted and completely destroyed, and so developed the area and converted it into a PFZ. The PFT, which was part of the training grounds of the American Naval force, was subsequently developed into an ecotourism destination. The development of the area is mainly due to two reasons – the Bases Conversion and Development Act of 1992, and the reconstruction and recovery of the area due to the natural disaster. The development of the area is also geared towards helping the Aeta community to become resilient, especially economically.

Twenty-five years after the eruption of Mt. Pinatubo, the Aeta tribe is now managing the PFT. This article discusses the management style and the business strategies of the tribe, as well the sustainability of the business. The question of whether the Aeta tribe has gained resiliency in their management of the ecotourism business is raised through examination of the various impacts of the business on the community. Field visits, including site observations and interviews with the community, Aeta guides and staff of the SBMA, were performed to complement the gathering of secondary data. There was one limitation on the data gathering: the treasury department could not be accessed and so the data on the exact profits of the PFT was not obtained. Data was summarized and analyzed using the business model canvas, SWOT, and triple bottom line analysis. The business model canvas, which shows 9 building blocks of a business, is used to understand the strategy and management of the Aeta tribe. From the findings of the business model canvas, a SWOT and triple bottom line (social, economic, and environmental impact) analysis was created to understand and explain the business sustainability and the contribution of the business to the resilience of the community.

## **II. BACKGROUND TO THE STUDY**

To be able to clearly understand the case of the PFT, it is crucial to first discuss the land development in Subic. The rich history of Subic dates back to the development of the Subic Bay in the 1800s when the Philippines became a colony of Spain, right up until the successful land claim in 2009 by the Aeta tribe due to Subic being their ancestral domain.

During the colonization of the Spaniards, Subic Bay was developed as a naval fortress due to its strategic location and the natural depth of the harbor. In 1898, the Treaty of Paris was signed which ceded the Philippines from Spain to America. 1899 was the beginning of the Philippine-American war, and Subic Bay was transformed into one of the biggest American Naval Base overseas, where it was used as a supply and

repair depot. As the base included the home of the Aeta tribes (which includes the current PFT site), the development of the base forced the tribes to retreat deeper into the forest.

Following the signing of the Treaty of Manila in 1946, the Philippines were granted full independence from America. In 1947, the Philippines and the United States signed a Military Base Agreement/ Military Assistance Agreement that established a Joint United States Military Advisory Group to advise and train Filipino armed forces in the transferring of aid and other material. The home of the Aeta tribe remained part of the base, but some parts were now used as a training ground for the soldiers. The American forces surveyed the area, dug deeper into the forest and discovered the presence of the Aeta tribe. While the American forces wanted to learn more about the tribe and their way of life, the tribe was initially hesitant to make contact with American forces due to their foreignness. However, as the tribe grew accustomed to the presence of the American forces, they eventually became quite familiar with their culture, and according to the Aeta, they established good relations with the Americans. The tribe was allowed to use the base facilities, including the hospital and food and shoes were also given to the tribe. Both parties shared a feast every Christmas, and the tribesmen were given gifts. It can be said that the Aeta and the American forces established a mutual relationship, with the Aetas benefitting from the use of some facilities and the aid that was provided, while the Americans bought goods such as crabs or fruit and learned jungle survival techniques from the Aeta.

In 1991, the Philippines suffered one of the biggest natural disasters in its history when Mt. Pinatubo erupted. The eruption damaged and killed crops in the surrounding area due to the 5cm thick ash deposits over a land area of about 4000 sq. km. The eruption was followed by a typhoon, and then a series of earthquakes and aftershocks that caused roofs to collapse. The series of disaster caused the death of 700 people and 200,000 more became homeless. The US base was also affected by the eruption and the facilities were damaged.

Negotiations were already in place to renew the treaty of Manila that was about to end in 1992, but the disaster caused the United States to decide to abandon the 89-year old base. As the Filipino government was worried that the 8,000,000Php (160,000USD) worth of infrastructure left behind would be looted and totally destroyed, the base was converted into a Freeport Zone. This was done via the Republic Act No. 7227, establishing the Subic Bay Metropolitan Authority (SBMA) which aims to promote and develop the Subic Special Economic Zone/ Freeport Zone into a self-sustaining, industrial, commercial, financial, and investment center for the generation of employment opportunities in and around the zone, and to attract and promote productive foreign investments.

The SBMA was established before the exit of the American forces, and the future of the Aeta tribe was discussed by the SBMA chairman, Mr. Richard Gordon, and some of the American forces. As the American forces had good relations and understanding of the way of life of the tribe, they requested that the SBMA help the Aeta and not relocate them. During the rehabilitation and reconstruction of the naval base, a portion of the land that covers the home of the Aeta part of what they call the village of Pamulaklakin, was converted to an ecotourism destination. The area is now known as the "Pamulaklakin Forest Trail." Pamulaklakin means "herbal vine" in the Aeta language.

The ecotourism business began operation after a period of two months during which utility lines (electricity and phone) were installed, and a small one story administration office made of concrete and several cottages made of wood were constructed. The first tourists/customers were groups of school children that came by bus. From the interview conducted with an Aeta guide, it was learned that they were overwhelmed by this unexpected sudden influx of people. This was due to them not having been given proper training on how to deal with them, and they were also not told to guide the tourists in exploring the area and to share their knowledge about life in the jungle until the tourists had actually arrived.

In 1997, the Filipino government passed into law the Republic Act No. 8371. This is also called the Indigenous Peoples' Rights Act, and is popularly known as the IPRA. The law recognizes, protects and promotes the rights of Indigenous People in the Philippines. One of the reform processes of the IPRA is the awarding of ancestral domain and land titles to indigenous communities, while protecting them in their ancestral lands. Following the passing of the IPRA, the Aeta tribe claimed the area of Subic as their ancestral domain, and was subsequently granted 4,280 ha of land in 2009. This area not only covers the village of Pamulaklakin and the PFT, but also most of the Free Port Zone. Although the land has been claimed by the tribe, it is still co-managed by the SBMA. In September 2011, the tribe chief-in (leader), the SBMA chairman and the director of the National Commission on Indigenous People (NCIP) signed a joint management agreement authorizing the SBMA to provide systematic management and development of the ancestral land to help boost the economic, social and cultural life of the tribe based on programs implemented by the government. Despite this, in 2013, the tribal council decided to take over the management of the PFT.

### **III. TOURISM ACTIVITY AND GENERAL FEATURES**

There are other ecotourism destinations within the Subic area, such as the Mangrove Park where tourists can take a small boat to observe the mangroves, the Jungle Environmental Survival Training (JEST) Camp where tourists are offered a selection of tourist activities including jungle training, and the Apaliin forest trail, which

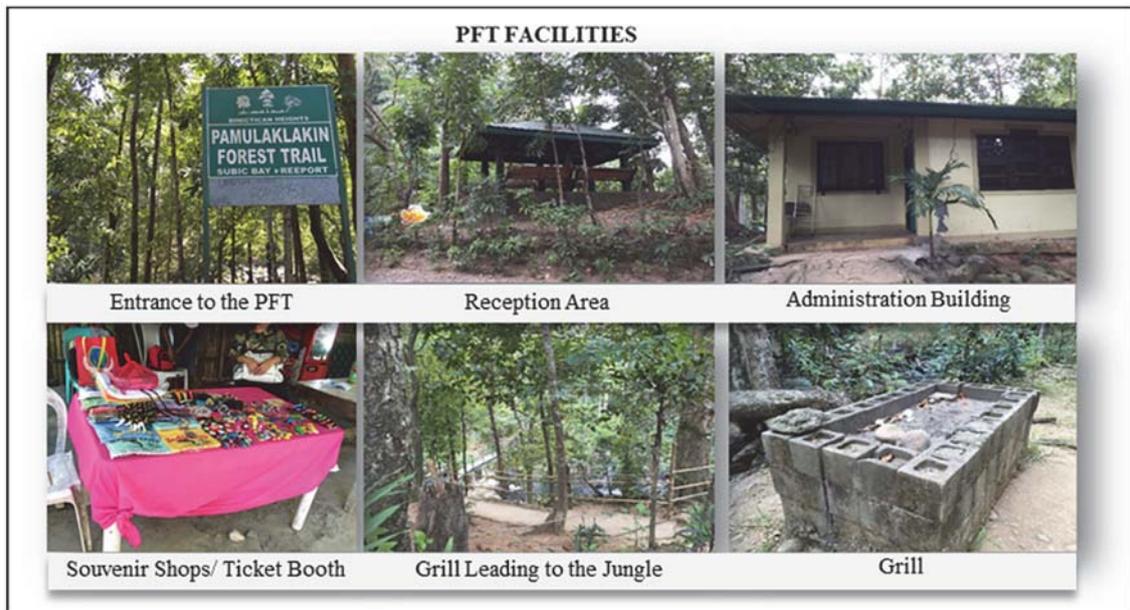
is a hiking path for tourists. However, the PFT is special as it is a track that is off the beaten and leads deep into the jungle and the mountains of Subic. By visiting the PFT, tourists can visit the place where the Aeta reside, and learn jungle survival techniques directly from the Aeta. It is also a place where customers can experience the natural beauty of landscapes and clean rivers giving customers the option to camp, picnic and/or take a dip in the clear waters. The PFT is open to the general public at very attractive rates (Table 1).

*Table 1. Package and rates at the PFT.*

| <b>PACKAGE</b>                      | <b>PRICE IN PHILIPPINE PESO (PHP)</b><br><i>Note: 1USD ≈ 50PHP</i>                     | <b>ACTIVITY</b>  |
|-------------------------------------|--|--|
| Sight Seeing                        | 50 / adult and child (1 USD)   | - Visiting of vantage points in the area and taking pictures<br>- Includes a native guide  |
| Mini Jungle tour                    | 100 / adult and child (2 USD)  | -Trekking in the forest in Subic Bay with a native guide and a demonstration on how to survive in the jungle. (The tour lasts for 30 mins.)                    |
| Ecology tour                        | 250 / adult (5 USD)<br>250 / child (5 USD)   | -A two to three hour trek in the Subic forest with an Aeta guide   |
| Overnight Jungle tour               | 500/adult and child (10 USD)<br>Note: additional 50/head (1 USD) for succeeding nights | -Venturing into and sleeping right in the heart of the Subic Forest and discover how the natives of Subic survive in the forest<br>(Picnic 50/adult and child) |
| Picnic Table                        | 150/ table (3 USD)   |  |
| Location shooting and team building | 15,000 / day (300 USD)   |  |

There are three tours offered in the PFT, from a 30-minute tour to an overnight jungle tour/camp. A sightseeing option is available which comprises a viewing of the grounds under the supervision of an Aeta guide. Special packages are also offered for location shooting (for photoshoots, movies or commercials) and team building events. Picnic tables that can be set up near the river are also available for rent.

The structure of the PFT is simple. The jungle itself has not been changed, but some forms of infrastructure and facilities have been built near the entrance. A small sign and an information board displaying the tour options have been positioned at the entrance to



*Figure 1. PFT Facilities.*

the site. Adjacent to the signboards is the reception area where customers can rest while making payments for the tours. Jungle survival demonstrations are also sometimes performed in this area. There is a small multipurpose hut where tickets for the tour can be purchased, and small souvenir shops that are owned by individual members of the community. The hut also has a phone line and a medicine box. A few meters from the souvenir shop is the administration building that is used by the SBMA employees. Between the administration building and the multipurpose hut is a bridge that leads to the jungle. Not far away from the bridge is the picnic area with a grill.

#### **IV. TOURISM MANAGEMENT**

The PFT has been under two different managements, beginning with the SBMA in 1992, and with the Aeta tribe taking over in 2013. To discover how the PFT has been and is being managed, key informant interviews (KII), focus group discussions (FGD), personal observations, and desk reviews have been conducted. During the analysis, nine elements were considered and were summarized to create a 'business model canvas'. The nine elements of the canvas and a short description of the elements is as follows:

- (1) Customer segment – Which customers are being served?
- (2) Value proposition – What services and/or products are being offered to the customers?
- (3) Channels – How is the customer reached and through which interaction points?
- (4) Customer relationship – What relationships are being established with each customer segment?

- (5) Revenue streams – What services and/or products are the customers willing to pay for?
- (6) Key resources – Which resources underpin the business model and which assets are essential?
- (7) Key activities – Which activities are being implemented for the business to perform well?
- (8) Key partners – Who are the partners?
- (9) Cost structure – Which key elements drive costs?

**A. Management of the SBMA**

The development of the PFT is part of the SBMA strategy for the recovery and reconstruction of the area after the United States Forces left their base following the expiration of the Manila Treaty and the eruption of Mt. Pinatubo. Another aim of the development is to help ensure the continuation of the Aeta tribe. No concrete business plan has been created by the SBMA for the PFT, but the business has been summarized in the above business model canvas (Figure 2).

As can be seen from the business model canvas, the target customer segments (i.e. tourists) for the PFT consist of groups of students, families, and other small groups. The PFT offers their customers exposure to, enjoyment of and learning about the natural

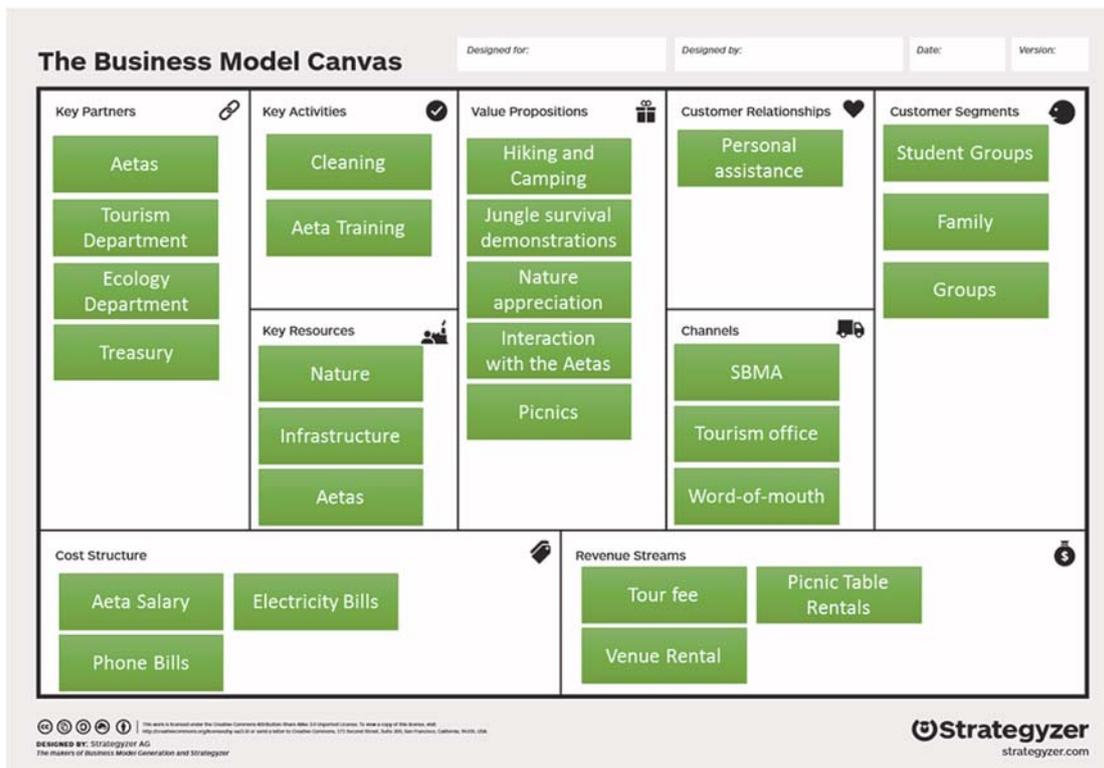


Figure 2. Business model under SBMA management.

environment (including hiking, camping, and picnics), interaction with the Aeta tribe and learning about the way of life in the jungle. Student groups around Subic frequently visit the PFT to learn about nature and the tribe; whereas families visit to enjoy nature and have picnics, and other small groups usually hike and camp deep in the forest.

Customers are reached through different channels of the SBMA. In general, SBMA promotes and markets the PFT and other tourist attractions within the free port zone with the aid of the Tourism Department. In the case of the PFT, the tourism department produces and distributes leaflets about the destination. Information about the PFT is also posted on the SBMA's official page. As it is the primary customer access point, it is important that the SBMA takes good care of the customers and establishes a personal relationship. This ensures greater customer satisfaction, and makes it more likely that customers create further business through word-of-mouth recommendations.

As the PFT is a revenue generating business, the management collects fees for different services (as shown in Table 1). While there are several small snacks and souvenirs stores on the site, they are individually owned. There is also no fee for using the hut so the stores or the hut do not contribute to the profit of the site.

In delivering service to the customers, it is important to identify the assets, or key resources of the site. The main assets are: nature, infrastructure, and the Aeta. Of the three, the Aeta tribe is a particularly important asset since many tourists come to the area to interact with and get to know one of the world's most famous tribes and one of the first inhabitants of the Philippines. In addition to this, a number of groups come to the area to learn about the natural environment, thus making nature an important asset of the PFT. While the infrastructure is fairly limited, it does contribute to the PFT's revenue collection. The SBMA management has tasked the Aeta with the training of the Aeta guides and the everyday cleaning in order to maintain the site's assets and deliver good service to the customers. Training is performed with the help of several organizations. One of these is the Ecology Department that provides technical training to the Aeta, such as identification of the plants and animals within the PFT and their corresponding names in English.

Several institutions, and specially the Aeta tribe, work as part of the SBMA in the management of the business. One of these is the Tourism Department of the SBMA that is involved in the marketing and promotion of the destination. Another body is the Ecology department, which as mentioned above, provides training for the Aeta. A further entity is the treasury department, which manages profit.

Like any other business, there are costs in the delivery of the service and the maintenance of the assets, as well as generated revenue. The cost structure is not complicated and mainly comprises of the salaries of the around 60 Aeta guides and utility bills.

Construction and development of the PFT was performed a year after the eruption of Mt. Pinatubo in parallel with other reconstruction efforts in the free port zone. The development of the area was conducted quickly without any concrete business or management plan. Furthermore, although the infrastructure is simple, no proper maintenance procedures were set up. The relationship between the Aeta and the SBMA was also not determined. The aim of the development of the area is to help the Aeta to be resilient, yet an assessment of the business management shows that the site is fully managed by the SBMA, with the tribe serving as employees and not taking responsibility for any part of the business management.

### B. Management of the Aeta Tribe

The Aeta Tribe was granted ownership of 4,280ha of their ancestral domain (including parts of the Freeport zone) in 2009. Having ownership of the land means having the authority to decide upon land management. The majority of the land was leased to private and multinational companies, as well as the SBMA. A tribal council, which consists of councilors and the chief-in (Table 2) decided to vote on the management of the PFT, and this resulted in the decision to take over. One of the reasons for this decision to take over the management of the site is that the PFT is part of the village of Pamulaklakin, which serves as the home of the tribe. The transition was made in November 22, 2013, making the site the only ecotourism destination in Subic that is not managed by the SBMA, and the only one in the Philippines that is managed by a group of indigenous people with a clean title of the land.

The business model canvas of the Aeta tribe management is summarized in Figure 4. The change in management shift didn't result in major changes in the value offered or the operation, as the target customers and the services being delivered were maintained. Although it is not reflected in the new business model canvas, the change did weaken some channels, particularly the role of the SBMA, which used to be the main vehicle of promotion. Nowadays, SBMA still provides potential customers with information, however when customers enquire about the site, PFT is still listed in the official SBMA site, but the only details included are the address and phone number. The tourism

| Position   | Name             |
|------------|------------------|
| Chief-in   | Conrado Frinilla |
|            | Nina Orohado     |
|            | Ninita Ignacio   |
| Counselors | Rony Nisina      |
|            | Marieta Pabayan  |
|            | Manuel Delusas   |
|            | Sony Boy Magay   |

*Table 2. Tribal council members.*

department (DOT) doesn't produce brochures for the site, and has instead placed more emphasis and energy on the promotion of other sites in the area. In the advancement of technology and the increasing interest of young people in sharing their adventures with others, new channels for the PFT have been created. Customers have now become part of these channels by using social media to spread the word about PFT. This provides more information to the customers than the traditional channels of the PFT were able to do. The new channels are as follows:

- Facebook
  - Pamulaklakin Forest Trail, Subic Freeport Zone (tourist attraction) – unofficial. No information is provided, just ratings
  - Pamulaklakin Forest Trail (outdoors) - unofficial. No information is provided, just a few star ratings with comments
- Trip Advisor
  - Pamulaklakin Forest Trail- reviews, photos, contact details <[https://www.tripadvisor.com/Attraction\\_Review-g4751237-d3694404-Reviews-Pamulaklakin\\_Forest\\_Trail-Subic\\_Bay\\_Freeport\\_Zone\\_Central\\_Luzon\\_Region-Luzon.html](https://www.tripadvisor.com/Attraction_Review-g4751237-d3694404-Reviews-Pamulaklakin_Forest_Trail-Subic_Bay_Freeport_Zone_Central_Luzon_Region-Luzon.html)>
  - Trip Report – Pamulaklakin Trail – Subic Bay – How to get there, Cost, Activities <[https://www.tripadvisor.com/ShowTopic-g424959-i9205-k5960827-Trip\\_report\\_Pamulaklakin\\_trail\\_Subic\\_bay-Subic\\_Zambales\\_Province\\_Central\\_Luzon\\_Region-Luzon.html](https://www.tripadvisor.com/ShowTopic-g424959-i9205-k5960827-Trip_report_Pamulaklakin_trail_Subic_bay-Subic_Zambales_Province_Central_Luzon_Region-Luzon.html)>
- Blogs and Other Sources of Information
  - Pamulaklakin forest Trails/Pastolan Aeta Village – address, star ratings, and brief description of the area < <http://greatersubic.com/index.php/directory-listings/things-to-do/74-pamulaklakin-forest-trails-pastolan-aeta-village>>
  - Heart Warming Encounter at Pamulaklakin Village - blog made in 2013 providing details of a project held on the site <<https://jackinetic.wordpress.com/2013/03/26/heart-warming-encounter-at-pamulaklakin-village/>>
  - Pamulaklakin Forest Trail – a blog by a student in the form of a project which provides details of the tour package, rates, locations, contacts, and the Aeta management <<http://pamulak.tumblr.com/>>
  - Aeta Tribal Village – A Photographic Tour – Subic Bay – Luzon Island, Philippines; Photographs by Joseph S. Palmer. It includes photos of the Pamulaklakin train and the neighboring village of Pamulaklakin <<http://backroadsamerica.blogspot.jp/2011/05/aeta-tribal-village-photographic-tour.html>>

There are two existing pages about the PFT on Facebook. Existing reviews of the PFT can also be found on the American travel website Trip Advisor. There are also blogs that



*Figure 3. Facility upgrades.*

share information and the travel experiences of people who have visited the PFT.

The value proposition of PFT remains unchanged. However, the relationship between the customers and the management has become more of a dedicated personal relationship. Under the new format, the customers mainly contact the Aeta directly without going through the SBMA. When they arrive at the destination, the Aeta welcomes the customers and deliver the value proposition. There are no changes in terms of the revenue streams as revenues still come exclusively from tour fees.

Despite pointing out that the area is their home and that they know how to manage the land, it has to be said that the Aeta tribe are only replicating the way SBMA had managed PFT. The main issue is that there is still no concrete business plan, and key activities have not changed, although facilities have been upgraded. Construction of new infrastructure such as pavilions, toilets, and showers is taking place, however some infrastructures that had been used previously by the SBMA, such as the administrative building, are no longer being utilized. The main maintenance activity is still only cleaning, including the regular sweeping of the grounds.

Furthermore, the facility upgrades are mainly executed by the partners, and so the business acquired more partners/supporters, mainly foreign and local individuals, that made upgrades possible. It is through private contributions that the site was able to afford the construction of a new gazebo, a function hall, and toilet and shower rooms (Figure 3). Partnership with the SBMA is minimal, but there are still good connections with the Ecology Department. The Aeta are well versed in the ways of the jungle such as issues relating to conservation, the use of plants and trees, and banning the consumption and hunting of specific animals. A partnership still exists with the treasury department, an Aeta is designated to collect fees and list customers coming in into a log book. The money collected is delivered to the treasury department and the profit that remains is deposited to the Aeta account. In addition to the partners, there are schools and universities that conduct projects on the PFT. One of the nearby universities has set up a project for the women of the tribe, and the school has provided the tribe with an oven

within the PFT site. There are also occasional reading programs for the young children.

As mentioned previously, the revenue stream hasn't changed, although additions have been made to the cost structure. A new regulation was implemented by the SBMA in 2014. The regulation stipulates that all tourist facilities shall pay the Environment and Tourism Administrative Fee (ETAF), which is either 20php per visitor or 10% of the fixed entrance rate of a facility. The tribe also mentioned that they pay about 20% of their profits to the bank for a loan from the SBMA to develop some of the facilities in the site before the takeover of management, and an additional 5% of the profits goes to tax. The service costs of the tribesmen/guides have been removed from the cost structure, while the profit of the PFT (the amount deposited by the treasury department to the tribes account) minus the utility fees is divided equally among the tribesmen.

Another driver in the decision by the tribe to take over the management is that in the SBMA management, some tribesmen felt that they were not given enough tasks and that they could do more. However, the PFT still has no clear management plan with the current tribal management and the sustainability of the business is at stake. It was also suggested by some guides that they don't earn much and there are fewer visitors coming. On the other hand, there are facilities that are being constructed and there are still opportunities with the current business model. It was also concluded from interviews with some of the Aeta guides that one problem is that there seems to be a lack of

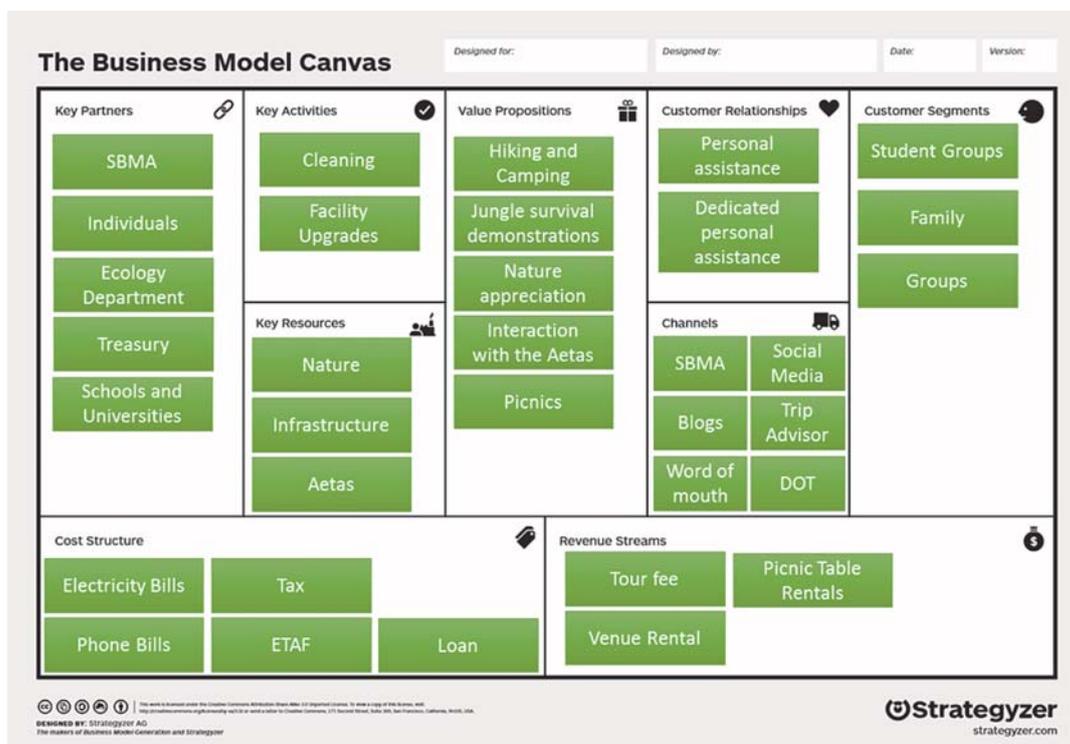


Figure 4. The Business model under tribal management

motivation by the Aeta to improve the business. If not much profit is being made, there is the feeling that they will go into the mountains and begin farming instead.

## V. ANALYSIS

### A. BUSINESS SUSTAINABILITY

Differences exist between the SBMA and the tribal management of the PFT. However, as previously mentioned, the focus of this article is to assess the sustainability of tribal management and its contribution to the resiliency of the community. One of the most effective ways to assess the business and its sustainability is through the application of the business model canvas to the classic SWOT analysis: strength, weakness, opportunities and threat. SWOT analysis provides these four perspectives from which elements of the business model can be assessed, allowing the canvas to provide the focus necessary for a structured decision. The SWOT analysis mainly asks four questions. The first two questions are related to the strength and weakness, which are used to assess the business internally, while the other two questions are: What opportunities does the business have? and What are the threats that the business face?, which assess the business' position within its environment.

If we apply SWOT analysis to the PFT (figure 5), a number of weakness and threats become apparent in its management that clearly outnumber the strengths of the business. On the other hand, there are a number of opportunities that the business is not currently exploiting. For example, the value propositions or the service offered by the PFT, such

| <b>Pamulaklakin Forest Trail (PFT): SWOT</b>  |  |
|---|--|
| <p style="text-align: center;"><b><u>STRENGTH</u></b></p> <ul style="list-style-type: none"> <li>• Natural environment</li> <li>• Interaction with Aetas</li> <li>• Dedicated personal relationship with customers</li> <li>• Price is competitive and attractive to customers</li> <li>• Good delivery of value proposition</li> </ul>   | <p style="text-align: center;"><b><u>WEAKNESS</u></b></p> <ul style="list-style-type: none"> <li>• Seasonal business</li> <li>• Limited revenue streams</li> <li>• Weak marketing and promotion of the venue</li> <li>• Weak coordination with some partners</li> <li>• Capacity of the tribesmen to operate</li> <li>• There is no financial plan and concrete margins</li> <li>• Revenue is unpredictable</li> </ul>   |
| <p style="text-align: center;"><b><u>OPPORTUNITIES</u></b></p> <ul style="list-style-type: none"> <li>• There are repeat customers specially from the area which goes for picnics</li> <li>• Improvement for picnic facilities</li> <li>• Incorporation of stores/ souvenir shop as revenue streams</li> <li>• There is existing oven for bread making</li> <li>• Some are skilled in making handicrafts</li> <li>• Wearing of traditional costume</li> <li>• Facility charges for new toilets, showers and bungalows</li> <li>• Unused infrastructures</li> <li>• Existence of channels which is free of charge</li> </ul> | <p style="text-align: center;"><b><u>THREAT</u></b></p> <ul style="list-style-type: none"> <li>• Some services can be replicated (teachings of the life in the jungle)</li> <li>• Competitors have more advanced facilities, more services, and more infrastructures</li> <li>• Poor maintenance of the area</li> <li>• Not much connection outside SBMA</li> <li>• No proper maintenance plan and business contingency</li> <li>• Not easy to access (no public transport)</li> </ul> |

*Figure 5. PFT SWOT analysis.*

as the jungle survival techniques, can be franchised, although it should be stressed that the jungle survival techniques in PFT are currently being taught directly by the Aeta. Another alternative is that a number of tourism destinations around Subic possess more and advanced facilities, services, and infrastructure. Furthermore, the PFT has been adding/upgrading their infrastructure to improve comfort for customers. Though there are fewer services offered at PFT, one strength is that it has a very competitive and attractive price structure. PFT also enables customers to enjoy and experience the natural beauty of nature under the care of the Aeta guides. However, natural environment cannot always be easily accessed, whereas with PFT, although frequented by tour groups or families, individual travelers may expect more facilities (For example, travelers from the city without vehicles have to take a cab back). The Aeta's response to such a situation, if there are such travelers, is to use their phone lines to help the visitors call for a cab when they finish the tour.

The PFT management also has issues with the maintenance of the environment and infrastructures. The only key activity that is currently conducted is cleaning. However, there is a clear need to periodically conduct proper maintenance such as checking infrastructure and conducting repairs once in a while, as well as environmental impact assessment, specially in relation to the facility upgrades. It has been mentioned that the Philippines is a disaster vulnerable country and in the Subic area there are persistent threats of tsunami, earthquakes. This means that there is even more reason for proper maintenance activities to be implemented. Currently, in an event that a disaster occurs or if the business is deteriorating, there is no business contingency plan. There is also not as much partnership with the SBMA, however, management are able to receive guidance on proper maintenance and environmental conservation concerns, if required.

Several threats and weaknesses have been discussed, and a number of issues have their roots in not having a business plan. One is that this ecotourism venture has been developed rapidly within two months. Although it was developed to help the Aeta community, it was done with no thought of the vision for the business and its sustainability. There is also the question on the capacity of the Aeta to manage the business. For this there are no concrete margins and no formal financial plan, and there are no fees that are dedicated to the service of the guides. There are additional costs, but there is also a very narrow/ limited source of revenue, which is highly dependent on the tour activities. Margins are not computed, and there haven't been any changes in the pricing since the business was founded by SBMA management. One of the revenue streams is the rent of the tables and chairs for picnics which, if not properly maintained, will in the near future need such repairs that will be beyond the revenue stream of the PFT. There is also the fact that the partners, i.e. the Aeta, don't charge individuals who made donations (infrastructure donations), nor their companions, which may not be

sustainable in the future as it may cause the PFT to lose a large amount of revenue. The issue of donations is also a general concern. In the ecotourism business, there is always the controversy of how much a site should be developed, and the optimal balance to preserve the natural environment, which the customers enjoy. Donations are warmly welcomed by the Aeta, but issues on its impact to the environment are not being raised, and also affect the quality of the infrastructure.

There are number of opportunities that could be taken exploited by the Aeta. There are stores in the PFT, but they are not directly linked with the revenue streams of the business. Sample products are a bamboo flute, a bow and arrow, and some handicrafts. These products could be incorporated in the value proposition, and could be developed into new sources of revenue such as teaching customers how to do some handicrafts, or how to use the bow and arrows. The Aeta could also come to an agreement to incorporate the stores into one, thus enhancing it and making it part of the revenue stream. Another possibility is for the Aeta to utilize the traditional costume of the tribe, which some tribesmen still use it in their daily lives. It could be possible for customers to learn how to put on the traditional costume or even wear it. There are the new toilets and shower facilities that are being installed, for which a small charge could be levied, or there could be a change in the pricing scheme of the business. Some of the tribesmen are being called to other tourist destinations to perform traditional dances. This option could be a part of the revenue stream as a special addition to the tour for group visits or study tours. There is unused infrastructure as the administrative building, and these facilities could be opened and turned into a visitors' center or a small gallery about the tribe, or about the beginnings of the PFT. In the PFT, there is an oven that was donated by a university, but the pavilion where it is located is infested with wasps. If pest control were called, and there was training on the use of the oven, the Aeta could make bread and sell it to visitors. This could prove particularly lucrative since there are no stores nearby in the area. In terms of marketing, there is an option to use technology (digitalizing information about the PFT) to reach a wider range of customers, but it is doubtful if the Aeta has the capacity to implement it. There is information on the business that can be found in the internet, but this is insufficient. There are also opportunities to work closer with partners, for instance the tourism department for the promotion and development of the area. There is also the ecology department that can contribute to the environmental impact assessment and the computation of the tourism capacity.

The Aeta could also collaborate more with the SBMA and use their connections and expertise in the management of the site. A gap was created between the Aeta and the SBMA when the Aeta decided to take over the management of the PFT, and there was no consideration of the management transition process of the PFT. As the SBMA governs the free port area, there is no threat of losing them as partners, and the SBMA actually

wishes to help the Aeta in the management process, but the Aeta insist on managing the place independently. One reason behind the strained relations is the difference in perceptions between the SBMA and the Aeta tribe. It is the view of the SBMA that the Aeta are their partners, and they are managing the PFT to help the tribe. However, it is the view of some Aeta that the SBMA are not treating them as partners but employees, and that they are only tasked to be the guides and janitors of the PFT. Nonetheless, the Aeta tribe should consider working closer with the SBMA, not to encourage them to manage the PFT again, but to utilize them as consultants to improve the PFT and to reach out to a wider customer base.

In conclusion, according to SWOT analysis, the PFT business, though currently in operation, is not sustainable in the long term. The most serious problem is the lack of a business plan and appropriate financial business structure. There has been a decline in the number of visitors since the shift in management, mainly due to insufficient marketing and promotion of the business. There is also no concrete organizational structure for the business - there is only a manager and a treasurer/cashier/ticket vendor. Nonetheless, there is potential for development, as there exists a number of opportunities that could be exploited, as well as strengths to be highlighted to address these weaknesses and minimize threats.

## **B. COMMUNITY RESILIENCY**

Examining the bearings of the business to the community, especially in terms of resiliency, the impact of the business to the triple bottom line (social, environmental and economic) will now be examined. The community that is directly associated with and affected by the PFT business is the Aeta tribe because, as already mentioned, the PFT is part of the village of Pamulaklakin, which is home for about 300 Aeta families.

In relation with social and economic impacts, the community doesn't solely rely on the profits of the PFT. A number of Aeta are recruited by the SBMA to work for different departments, such as in Ecology Department as assessors for the mangrove forest. Equal opportunities are offered to male and female Aeta, and almost all departments employ at least one Aeta in their department in the SBMA. Other members of the tribe who are not working with the SBMA earn their living and survive by farming in the mountains or fishing in the rivers. In general, the tribe doesn't have a regular and fixed source of income, but instead receives profit from the lease of companies and investors to their ancestral land. In early August 2014, the Ambala tribe, in which the Aeta from Pamulaklakin village is a part of, received 14,791,440.51php ( $\approx$ 295,829 USD) as payment of the companies' lease of their ancestral land. The payment was from the lease during May of 2009 until December of 2013. The land, which is part of the free port zone, covers not only private companies but the Kalayaan and the Binictican housing in

Subic and a number of tourism areas (Apaliin Falls, PFT, and El Kabayo, among others). This amount has been settled in line with the joint management agreement (JMA), which states that 5% of the gross income will be paid by the investors for the rent of the Aeta's ancestral land. In addition, each Aeta family is paid 20,000php/year (500 USD/year) upon receiving the Certificate of Ancestral Domain (CATD).

The PFT consist of about 60 Aeta guides. The guides are part of the community and their families are all affected by PFT activities. PFT serves as a channel for people to get to know and learn about the Aeta tribe, and for the tribe to meet and interact with people outside their community. The PFT as a venue, not only attracts academic institutions, but also different non-governmental organizations (NGOs), and civic groups who launch their projects and training sessions for the community. For instance, the Subic Bay Photography Society conducts a project called "Read to Lead" where reading is being promoted to young members of the tribe. The community is also given a chance to create their own small businesses in PFT- whether it is small souvenir stores or kiosk for snacks.

It is a fact that there are profits gained from the PFT. Nonetheless, the profit of guides in PFT as mentioned is not fixed as with SBMA management. For example, there are several cases where increased costs arise - loan payments, tax payments, and low fluctuating income. A number of Aeta working in PFT also have other sources of income, such as their "gasak," a small farming land near PFT or deep into the jungle where they grow their bananas, sweet potatoes, and cassava, while at other times of the year they trap crabs, shrimp, wild boar, and/or chickens to survive.

Considering the environmental aspect, the SBMA in general is both earthquake and typhoon prone. There are also areas with tsunami alerts and the local volcano of Mt. Pinatubo that last erupted in 1991, although it is not currently considered a threat according to the Philippine Institute of Volcanology and Seismology (PHIVOLCS). However, according to the Subic Bay disaster risk reduction and management council (SBDRRMC), there are no information and clear assessment of the threat of hazards in the area (hazard maps). Recently, as a celebration for 'Disaster Consciousness Month' the council held activities such as an earthquake drill in schools and clean up events, of which the tribes weren't included. This is unfortunate, because in terms of disasters, aside from children, elderly, and persons with disabilities, IPs such as the Aeta are among the most vulnerable groups. It is clear that the PFT, as a tourism destination, should have a disaster plan for the customers and the community (Aeta that reside in and near the PFT) in case of typhoons, earthquakes, and cases of landslides in the mountains, yet there is currently no such plan.

Infrastructure upgrades and addition should also be closely monitored in order to not disrupt the natural landscape and disrupt the way of living of other Aeta. An

interview with some Aeta guides indicated that they are hesitant whether if it is a good thing or not to upgrade and add more infrastructure to the PFT because they feel that the natural environment is being disrupted.

The Aeta follow certain rules in the forest, which are in harmony with the laws of the Philippines. One example is limiting the use of forest products. The Aeta are fully aware that they cannot cut down trees to profit from timber as this might cause landslides and loss of habitat for forest fauna such as pythons, deer, lizards, wild boar and monkeys. Tree felling, however, can be done provided permission is granted by the ecology department and is for the building of their own shelter. The Aeta also ensure that poachers of the aforementioned fauna do not enter the vicinity, and the customers are kept informed on the regulations in the jungle. Construction of the PFT contributes greatly in environmental conservation as there would be more chance of illegal logging and poaching in the area without the PFT.

Although not all community members work directly with the PFT, they are still all affected by the business since it is likely that one or two of their relatives works in the PFT and observes close relations within the tribe. Decisions are also made by the tribal council. In general, the business serves as a channel to connect the community to people outside their circle, and the environment and serves as an aid for the tribes' social resiliency. In terms of biodiversity, the Aeta and other stakeholders are in one mind in regard to conservation and protection. The PFT contributes greatly in contributions to biodiversity conservation. In relation of the environment and biodiversity, protection and preservation helps in improving the disaster resilience of the community, specifically in terms of disaster mitigation by minimizing the impact of typhoons in the area. However, both the tribe and the visitors are seen to currently be deficient in terms of disaster resiliency, and in regard to the recovery phase. This is a surprising finding since the PFT is originally an initiative that was born out of the need for recovery and reconstruction after a disaster. In terms of economic resiliency, the tribe has its own methods of survival that do not depend on profits from the PFT. However, the PFT has the potential to be developed into being a significant contributor in increasing the economic resiliency of the community.

## **VI. CONCLUSION**

Twenty-five years after the eruption of Mt. Pinatubo, the Aeta tribe of the Philippines has acquired their ancestral land and is now managing the Pamulaklakin Forest Trail, or the PFT. In this article, the state of ecotourism management of the Aeta tribe, its business sustainability and its contribution to community resilience has been analyzed. It can be seen that the sustainability of the business and the resilience of the community is clearly linked. This is not only the case for the village of Pamulaklakin,

which includes the PFT, but also the community of the Aeta tribe themselves.

From the SWOT analysis that is described above, there is a number of threats and weakness in the business which outnumber the strengths. However, there are a number of opportunities for the business to flourish, yet, if these are not taken, then while it is currently in operation the PFT may not be sustainable in the long term. The biggest problem is that there is no vision for the business, nor is there any business plan specifically there is no financial structure. Numbers have been in decline since the transfer of management to the Aeta tribe and there is also insufficient marketing and promotion of the PFT. Nonetheless, there remains the potential for development. Opportunities should be exploited and strengths should be highlighted to address the weakness and minimize threats. One key to further development is also partnership with the SBMA.

The PFT improves the social resiliency of the community as it serves as a connection between the tribe/community and the outsiders/customers/tourists, allowing them to learn from each other. The PFT also serves as a venue for social activities that promote capacity development of the Aeta, such as NGO programs in literacy for young Aeta. One motivation for the development of the site is the eruption of Mount Pinatubo. Although it was not directly instigated to mitigate volcanic eruption, conservation of the PFT contributes to the mitigation of other disasters, thus minimizing the impact of typhoons and reducing the risk of landslides. The PFT also helps prevent illegal logging and poachers from entering the area. However, the PFT makes no contribution in the education of the community regarding disasters, and consequently, Aeta knowledge in response to disaster is still lacking. The PFT therefore has some work to do to help the community become disaster resilient. One of the goals of the development of the PFT is to bring economic resiliency to the community. This issue remains unclear since one of the limitations of the study was not having access to the exact profits of the business, but instead relying on the testimonies of the guides about the salary and the profit. One thing is however guaranteed, there is no concrete financial structure of the business, and the guides does not have regular wages, but instead earn an equal share of money from the profit of the PFT. In short, it is clear that the PFT has a major affect on the resiliency of the community.

## **VII. RECOMMENDATIONS**

Several observations have been made in this case study, and the following recommendations have been made on their basis to increase business sustainability and the resiliency of the community.

### **(1) Business development**

As repeatedly mentioned, there is a number of weakness and threats in the PFT

business, and the main root of most of them is the lack of business planning or even a plan at all. The business was rapidly developed after the American Naval base was closed down following the natural disaster that struck the area. This meant that there was no formal business planning, and with the lack of experience and capacity of the Aeta tribesmen in their current management, there has been not much change. For any business to succeed, remain sustainable and flourish, the direction and vision of the business should be clearly stated following the business plan and strategies.

In this case, the tribe should decide first on their direction and vision for the PFT. Once the vision is established, market analysis, identification of the product line, marketing and sales, as well as financial projections should all be made. By doing so, the triple bottom line would also be improved, in that the community would be clear about the role of the business in the community, the environment would be properly managed, which means minimized risk of natural hazards such as landslides, and the business would be more profitable leading to increased resiliency of the community.

(2) Management of transition policy

There is no evidence of a transition period taking place of the management of the PFT from the SBMA to the tribe. The role of the Aeta in the days of management under the SBMA were limited as they were not exposed in the management (financial, marketing, promotion) side, which does bring into question the capacity of the Aeta to manage independently. After the transfer, the SBMA was removed from the equation, and the ecotourism business went into decline. The Aeta are aware of the situation, but there is little motivation for improvement since they are able to survive without relying on the profits from the business. These factors may lead to the business deteriorating and even closing down. One explanation for the situation is the lack of necessary written policy and procedure in the business transition. It should be noted that in any future implementations there should be a smooth management transition to ensure sustainability of the business. In this there could be a possible collaboration with the SBMA and DOT to walk and train the new management during a set transition period.

(3) General supervision (standard setting and accreditation of DOT)

The Tourism Department of SBMA aims to provide quality service to visitors and tourists of the Subic Bay Freeport through its rigorous marketing practices, promotional efforts, as well as its continuous monitoring and regulation of all tourism related establishments and events inside the Freeport. Fundamentally, the

tourism Department works with other destinations in the area to encourage, promote, develop, and manage tourism as a major socio-economic activity that will bring in revenues, employment, and other benefits to both public and private sectors within the Subic Bay Freeport area. In working towards this aim, the Department should closely monitor the activities of all tourism operation areas and make sure they follow a certain standard in the operation of their business. The Department should also include PFT with other tourism destinations and include PFT in the tour packages.

#### (4) Performance Grant

The performance grant can increase the motivation of the community (in this case the Aeta tribe) to develop the area, as well as to increase sustainability and profitability of their ecotourism business. This incentive could be implemented at several levels, one of which would be at a provincial level. The province, through the Department of Tourism, could create a performance grant system. Incentives on receiving the grant could be a sum of money to be used by the business for further development, or perhaps a grant for infrastructure development or livelihood options.

Description: Provincial Performance provides a grant for community based ecotourism activities. The Department of tourism (DOT) will be producing indicators for evaluating the performance of the business. Indicators will also be developed by the DOT with the help of the local government unit, the National Commission on Indigenous People (NCIP), the Department of Environment and Natural Resources (DENR) and the Department of Trade and Industry (DTI). The Bureau of Internal Revenue (BIR) and/or the Treasury Department could also be included. All the ecotourism will be evaluated once every three years by the DOT and the highest performing business would be awarded a performance grant that could be in the form of money for the development of the business and the PR.

This performance grant could be a source of motivation for the business and would be able to help in the marketing of the PR of the business. Furthermore, the conditions of the business would be improved and customer satisfaction would be higher. This could also be done on a smaller (SBMA) or on a national scale (DOT-main).

#### (5) Establishment of the voluntary agreements

It is common to have donations from other private entities, NGOs, and even private individuals. In most cases, the donations are welcomed and accepted without agreements. In the case of the PFT, a number of facilities are provided voluntarily by private individuals. The management is grateful for these donations,

but no agreement has been made with the donors. The management sees the donations as a form of “utang na loob” which in Filipino culture signifies a personal level of gratitude. Consequently, the management doesn't charge the donors and their guests when they visit. However, a complication arises when donors return to the site multiple times with a number of guests, causing the facility to lose revenue. It would therefore be better to have a more concrete and written understanding of what it means to be a donor.

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## **A Study of Pro-Poor Tourism in China**

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- I. Introduction
- II. Tourism and Poverty Reduction
- III. A Framework based on Strategic Management
- IV. Pro-Poor Tourism Development in China
- V. Case Studies
- VI. Discussion and Conclusion

### **ABSTRACT**

The purpose of this paper is to explore the incidence of Pro-Poor Tourism (PPT) in China from the perspective of strategic management. PPT aims to increase the net benefits for the poor from tourism. This paper is a study of PPT from the underdeveloped perspective of strategic management. There is a noticeable lack of case studies in China, especially in the eastern region where the urban-rural income gap is huge. Firstly this paper will define a framework for case studies based on strategic management. Secondly, two original case studies in the rural Chinese eastern region will be introduced and analyzed in terms of the framework. Thirdly, it will be seen that the findings indicate the importance of the role of governments, online marketing and the transfer from the entrance fee business model to an upgrade of the industry. This paper suggests that a new hybrid model with strong local connections and marketing strategy would be of great value for studies in this field and to understand the incidence of PPT in China.

**Keywords:** Pro-Poor Tourism (PPT), strategic management, China, case study, model.

### **I. Introduction**

Poverty reduction is one of the most important global issues, and the tourism sector has a great deal of potential for improving the standards of living for the poor. It is for this reason that the concept of Pro-Poor Tourism (PPT) attracts the attention of academics, policy-makers, the private sector and development agencies. PPT interventions aim to increase the net benefits for the poor from tourism, and ensure that tourism growth contributes to poverty reduction (Ashley, Roe & Goodwin, 2001). There are 3 types of PPT strategies: 'increase economic benefits', 'enhance non-financial

livelihood impacts' and 'enhance participation and partnership' (Ashley, 2002).

Pioneering PPT case studies, funded by the Economic and Social Research Unit of the UK Department for International Development, were launched in South Africa, Nepal, Uganda, Ecuador and St. Lucia (Ashley, Roe & Goodwin, 2001), and these PPT initiatives demonstrated that close engagement with the private sector ensured that the initiatives could have significant impact on the livelihoods of the poor (Goodwin, 2009: 92). However, it must be remembered that the logic of PPT is different from that of strategic management as PPT focuses on benefiting the poor, while the purpose of strategic management is usually the sustainable growth of organizations. Moreover, the study of PPT in China is greatly underdeveloped. However, it can be generally argued that PPT, as an increasingly popular concept in tourism research, seems to need further theoretical advancements and new industry-based practices (Zou, Huang & Ding, 2014: 264).

The key objective of this paper is therefore to explore the incidence of PPT in China from the perspective of strategic management. This paper begins with a literature review related to tourism and poverty reduction. This review is used to create a framework for PPT based on strategic management that is to be used for case studies. Secondly, two original case studies implemented in China will be introduced and analyzed following the framework. Thirdly, it will be seen that the findings suggest a new model for PPT in China and possibilities for developing PPT for poverty reduction.

## **II. Tourism and Poverty Reduction**

Literature on tourism and poverty reduction can be divided into three perspectives (economy, sustainability and PPT). In the 1960s, scholars mainly focused on the economic issues of tourism, including income, employment and tax revenue. Moreover, there were several studies into the tourism multiplier effect because it encourages growth in the primary and secondary sectors of the industry by allowing benefits to trickle down to the poor.

In the 1990s, attention was paid to not only the economic impacts of tourism, but also the social and environmental impacts. According to UNEP & UNWTO (2005), sustainable tourism can be defined as tourism that takes full account of its current and future economic, social and environmental impacts by addressing the needs of visitors, the industry, the environment and host communities. It is therefore understood that sustainable tourism should:

- Make optimal use of environmental resources that constitute a key element in tourism development by maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
- Respect the socio-cultural authenticity of host communities by conserving buildings

along with other forms of living cultural heritage and traditional values, while contributing to inter-cultural understanding and tolerance.

- Ensure viable, long-term economic operations by providing fairly distributed socio-economic benefits to all stakeholders. These benefits include stable employment and opportunities for income generation, social services to host communities, and contributions to poverty alleviation.

Following this increase in interest, the concept of PPT was presented by the UK Department for International Development in 1999. Another similar program, known as the Sustainable Tourism-Eliminating Poverty (ST-EP) Initiative, was launched in 2002 by UNWTO at the World Summit on Sustainable Development in Johannesburg.

UNWTO considers the ST-EP Initiative to be an effective tool for making a tangible contribution to the Millennium Development Goals (MDGs). These are the 8 international development goals<sup>1</sup> for the year 2015 that were announced following the United Nations Millennium Summit in 2000. Tourism can play a significant role in achieving these goals, particularly for goals 1, 3, 7 and 8 which are concerned with addressing extreme poverty and hunger, gender equality, environmental sustainability and global partnership respectively.<sup>2</sup>

The purpose of PPT is the same as the ST-EP Initiative: namely to eliminate poverty. PPT is not a specific product or sector of tourism, but an approach. PPT strategies aim to unlock opportunities for the poor, whether it is for economic gain, other benefits for livelihood or participation in decision-making (Ashley, Roe & Goodwin, 2001). According to Ashley, Boyd & Goodwin (2000), PPT has several advantages:

- As the consumer visits the resort, opportunities are created for selling additional goods and services.
- Tourism provides important opportunities for diversification of local economies. It can develop poor and marginal areas with few other options for export and diversification. Remote areas are particularly able to attract tourists because of their rich culture, abundant wildlife and beautiful landscapes.
- Tourism offers labor-intensive and small-scale opportunities when compared with other non-agricultural activities, employing a higher proportion of women and valuing natural resources and local culture, which may be one of the few assets belonging to

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1 (1) Eradicate extreme poverty and hunger. (2) Achieve universal primary education. (3) Promote gender equality and empower women. (4) Reduce child mortality. (5) Improve maternal health. (6) Combat HIV/AIDS, malaria, and other diseases. (7) Ensure environmental sustainability. (8) Develop a global partnership for development. Available at: <http://www.un.org/millenniumgoals/> (Accessed 19 November 2016).

2 UNWTO "The ST-EP Initiative: Background and Objectives," available at: <http://step.unwto.org/content/background-and-objectives> (Accessed 19 November 2016).

the poor.

Meanwhile, the ST-EP Initiative is based on the seven mechanisms through which the poor can benefit from tourism. These strategic lines of action are incorporated into all ST-EP activities and have been widely disseminated.

Table 1. The Seven ST-EP mechanisms

|  |
|--|
| 1. Employment of the poor in tourism enterprises   |
| 2. Supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor                                      |
| 3. Direct sales of goods and services to visitors by the poor (informal economy)   |
| 4. Establishment and running of small, micro or community-based tourism enterprises or joint ventures by the poor (formal economy)           |
| 5. Redistribution of proceeds from tax or charge on tourists or tourism enterprises  |
| 6. Voluntary giving and support by tourists or tourism enterprises   |
| 7. Investment in infrastructure stimulated by tourism also benefiting the poor in the locality, directly or through support to other sectors |

Source: UNWTO “Overview of ST-EP Activities,” available at: <http://step.unwto.org/content/overview-st-ep-activities-0> (Accessed 19 November 2016).

Ashley, Boyd & Goodwin (2000) also define the principles underlying PPT:

- Participation: poor people must participate in tourism decisions, if their livelihood priorities are to be reflected in the way tourism is developed.
- A holistic livelihoods approach: the range of livelihood concerns of the poor – economic, social, and environmental, short-term and long-term – need to be recognized. Focusing simply on cash or jobs is inadequate.
- Distribution: promoting PPT requires some analysis of the distribution of both benefits and costs – and how to influence it.
- Flexibility: blue-print approaches are unlikely to maximize benefits to the poor. The pace or scale of development may need to be adapted; appropriate strategies and positive impacts will take time to develop; situations are widely divergent.
- Commercial realism: ways to enhance impacts on the poor within the constraints of commercial viability need to be sought.
- Learning: as much is untested, learning from experience is essential. PPT also needs to draw on lessons from poverty analysis, environmental management, good governance and small enterprise development.

The above changes in the perspectives of tourism from economics and sustainability to those of PPT show that the target of the research changes from macro to

micro and from on the region to on the individual. The traditional focus on the macro environment may ignore the creation of benefits for the poor who often gain few direct benefits from standard forms of tourism, and this is why one of the main innovations of PPT is to particularly focus on providing net benefits to the poor (Goodwin, 2009: 90). In short, PPT focuses not only on economic impacts, but also on the social and environmental impacts on the poor.

### III. A Framework based on Strategic Management

Case study is the standard methodology used in PPT studies (Ashley, 2002; UNWTO, 2006). Ashley (2002) introduces the method guidelines given for six case studies on PPT projects in South Africa, Nepal, Uganda, Ecuador and St. Lucia. UNWTO (2006) also collected 26 cases from 20 countries. The guidelines for both methods are summarized below:

Table 2. The guidelines of PPT methodology

| Ashley (2002)   | UNWTO (2006)   |
|---|--|
| Section A:<br>Defining the 'Initiative' and Scope of Case Study<br>Section B:<br>Assessing PPT Strategies and Impacts<br>1. Overview<br>1.1 The area and context<br>1.2 Background and details of the PPT initiative<br>2. Pro-poor focused actions<br>2.1 Assessment of broad PPT strategies<br>2.2 Specific actions to involve the poor or address barriers to participation<br>3. Results and impacts on the poor<br>3.1 Progress, challenges<br>3.2 Identifying impacts on poor people<br>3.3 Financial benefits to the poor<br>3.4 Impacts on livelihoods of the poor<br>3.5 Broader contributions to poverty elimination<br>4. Review, lessons<br>4.1 Different perspectives<br>4.2 Reflections on this PPT initiative<br>4.3 Reflections on PPT research | 1. Initiation of the business/project<br>2. Finance and funding<br>3. Contribution of the tourism project/company to reduce poverty<br>4. Economic sustainability of the tourism project/business<br>(Marketing and promotional activities; Management strategy)<br>5. Cooperation with tourism associations or development organizations<br>6. Regulation and legislation<br>7. Problems and their solutions<br>8. Results achieved<br>(Economic results; Quality of life; Education and community-empowerment; Environmental protection; Culture and heritage conservation; Self-esteem; Recognition and image; Tourist facilities improvement; Marketing and promotion)<br>9. Lessons learnt<br>10. Monitoring and follow up activities |

Source: Ashley, C. (2002) "Methodology for pro-poor tourism case studies," *PPT Working Paper 10* and UNWTO (2006) *Poverty Alleviation Through Tourism - A Compilation of Good Practices*, World Tourism Organization.

To sum up, the above guidelines of PPT methods reveal the emphasis placed on economic sustainability, strategy and finance. However, it must be remembered that the underlying logic of PPT differs from that of strategic management. In the case of PPT, the independent variable is pro-poor focused action, while the dependent variable is to benefit the poor. However, the independent variable of strategic management is business management itself, while the dependent variable is the sustainable growth of the organization.

It is beneficial for us to grasp the concepts of strategic management to fully understand the economic sustainability of PPT. Ashley (2002) and UNWTO (2006) stress the diversity of stakeholders and the importance of marketing, management and finance in PPT. In this paper, the concepts of the stakeholder, marketing and the business model are used to create an original framework based on strategic management. This framework is made up of five steps: (1) background, (2) development and stakeholders, (3) marketing mix, (4) business model and (5) benefits for the poor. These 5 sequential steps can be used in questionnaires or data analysis. But the elements of this framework can be adjusted in the field if necessary.

The first background step is designed to answer some basic questions related to the reasons for selection. For example, what organization is the focus of the case study? How to define the poor? There is an international poverty line (e.g., \$1 a day), but it is hard to apply in the field because local appropriated indicators should be considered (Ashley, 2002). The key geographical, historical, economic, social and political characteristics of the case area should also be considered in the background step. In this paper, the poor are defined by the concept of BOP (base of the economic pyramid). An estimated 4 billion people, whose annual income is 3,000 dollars or less (in terms of 2002 purchasing power), were still living in relative poverty at the base of economic pyramid (Hammond et al., 2007).

In the second step, the details of tourism development are focused upon. For example, who initiated the PPT project? Why? Who are the key actors and partners? What is the relationship between key stakeholders and other players? Ashley, Roe & Goodwin (2001) introduce the implications for stakeholders, and argue that private operators should participate in product and market development to ensure commercial realism. One of the great advantages of PPT is that governments play a leading role. The poor themselves are, of course, a critical component of PPT, but to play an effective role they may need to be organized at the community level.

The third step relates to the marketing mix of the PPT project. Kotler emphasizes the fact that the marketing mix is one of the key concepts in modern marketing theory. It is standard procedure for the marketing mix to be made up of the 4Ps: product, price, promotion and place (Cooper, Fletcher, Gilbert & Wanhill, 1993). In the case of PPT, the

features of the tourist area (product), entrance fee (price), sales system (place) and channels (promotion) are analyzed.

The fourth step is the business model of the PPT project. Magretta (2002) argues that business models are “stories that explain how enterprises work. A good business model answers Peter Drucker’s age-old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?” (Magretta, 2002: 4). Determining the best ways to make money in the PPT project is the main issue to consider in this step.

The fifth and final step relates to the benefits for the poor, and these can be categorized into economic and non-economic benefits. Economic benefits in this context relate to local employment, income and business opportunities. On the other hand, non-economic benefits include areas such as education, environment, culture and infrastructure. The impact made by a PPT project will be evaluated according these two types of benefit.

Table 3. PPT framework based on strategic management

| <b>1. Background</b>   | <b>2. Development &amp; Stakeholders</b>   | <b>3. Marketing Mix</b>   | <b>4. Business Model</b>   | <b>5. Benefits for the poor</b>   |
|--|--|---|--|---|
| <ul style="list-style-type: none"> <li>• Which organization is the focus and why?</li> <li>• How are the poor to be defined?</li> <li>• Macro environment</li> </ul> | <ul style="list-style-type: none"> <li>• Who initiated the PPT project and why?</li> <li>• Who are the key actors and partners?</li> <li>• What’s the relationship between key stakeholders and others?</li> </ul> | <ul style="list-style-type: none"> <li>• The features of the tourist area (product)</li> <li>• Entrance fees (price)</li> <li>• Sales system (place)</li> <li>• Channels (promotion)</li> </ul> | <ul style="list-style-type: none"> <li>• Investment of management resources</li> <li>• The mechanisms in place for making money</li> </ul> | <ul style="list-style-type: none"> <li>• Economic benefits (local employment, income and business opportunities)</li> <li>• Non-economic benefits (education, environment, culture and infrastructure)</li> </ul> |

Source: Author.

#### **IV. Pro-Poor Tourism Development in China**

Unlike many countries in Europe and North America, where rural tourism has existed for at least a century, there was no tourism in rural areas of China until the early 1980s. The Chinese government plays a decisive role in developing rural tourism in the country (Gao, Huang & Huang, 2009), while the development of PPT in China can be divided into 4 periods (Wu, Chen, Xie, Xu & Li, 2015).

The first period was in the 1980s. After the reform and opening up policy was

adopted in 1978, farmers in China were given more freedom in their agricultural production and other economic activities. This gave some farmers who resided around famous tourist areas the opportunity to earn money through tourism business on a small-scale, such as family-run restaurant/hotels, transportation over short distances, photography and direct sales of goods to tourists.

The second period was in the 1990s. In 1991, the Guizhou Provincial Tourism Bureau summarized the experience of alleviating poverty through tourism and coined the slogan pro-poor tourism (*Lv You Fu Pin* 旅游扶贫) with other provincial tourism bureaus. In 1996, the National Tourism Administration and Poverty Alleviation Office of the State Council jointly held the national pro-poor tourism forum and implemented PPT projects, which was a hallmark event in the development of rural tourism in China. By 1996, more than 10,000 villages and 3,000,000 people had been lifted out of poverty, making PPT a national level strategy during this period.

The third period was from 2000 to 2010. In 2000, the area of the Ningxia Liupan Mountains (*Liu Pan Shan* 六盘山) was established as the first national PPT experimental zone. It was managed by five departments (the National Tourism Administration, the Ministry of Finance, the Poverty Alleviation Office of the State Council, the Western Development Office of the State Council and the State Planning Commission), which together provide financial, planning, building, management, human resources and marketing support to national PPT experimental zones. Moreover, the PPT investment program also started in 2000. In 2006, the National Tourism Administration began the 'Tourism into the countryside' campaign to promote the development of rural tourism in the country.

The fourth period began in 2011. In 2012, the National Tourism Administration and Poverty Alleviation Office of the State Council signed a cooperative framework agreement. The aim of this agreement was to strengthen the cooperation between partners in seven different fields: promoting PPT, establishing a leadership institution and mechanism for regular consultation, introducing opinions and plans on PPT, promoting the establishment of PPT model areas, increasing promotion, chasing political/financial support, and finally, strengthening the standardization and service systems.

The General Office of the State Council (2015) has provided advice on promoting PPT in rural areas. The advice includes suggestions such as establishing 560 poor villages as PPT areas, leading 2,000,000 people out of poverty every year, and supporting the development of rural tourism in 6,000 villages to achieve annual tourism revenues of around 1,000,000 yuan. UNWTO welcomes China's decision to use tourism as a tool to fight poverty, and the results are encouraging. Data from Chinese tourism authorities show that between 2011 and 2014, more than 10 million people, or 10% of

the poverty-stricken population, were lifted out of poverty through tourism.<sup>3</sup>

## V. Case Studies

### A. Background on Shandong Province, China

Shandong is a 157,900 km<sup>2</sup> coastal province of China and is a part of the eastern region of the country. The population of the area is 97,894,300, making it the second most populous province in China. The annual income of urban households in the region in 2014 was 29,221.9 yuan, while the annual income of rural households was 11,809.4 yuan (Shandong Provincial Bureau of Statistics, 2015), demonstrating the huge gap between incomes in urban and rural areas.

While PPT in the eastern region of China has not been studied, Chinese researchers are only now shedding light on PPT in western (Li, 2010; Wu, Chen, Xie, Xu & Li, 2015) and central (Guo, 2013; Xiong, Liu & Zhang, 2013; Liu & Xia, 2014) regions of China. About 70% of China's poor households are located in western regions that are remote from the booming coast (World Bank, 2001), making western and central regions less developed than eastern region (Fan & Sun, 2008).

The reason for this can be traced back to the beginning of the economic reforms of 1978 when China achieved remarkable initial success in poverty reduction. The Great Leap Forward and the setting up of People's Communes during this period achieved large initial reductions in poverty as a result of the rapid growth in rural productivity associated with the return to family farming (Yan, 2010). However, China's economic growth since the mid-1980s has been driven primarily by rapid industrialization and urbanization, especially in coastal regions, which has progressively enlarged the income gap between coastal and inland regions (Sicular, Yue, Gustafsson & Li, 2007).

This leads us to the question of how we can raise the income of poor people in rural areas? The obvious answer is through tourism as 70% of tourist areas in China are located in the countryside (Li, 2010). The use of observational, archival and interview data across different stakeholders (companies, local governments and local people) in two tourist areas in Shandong Province demonstrate the interest in PPT projects in this area where the urban-rural income gap is huge. In the next section, these two original case studies will be outlined.

### B. Basic Information for Case Studies

In this paper, two tourist areas Erlong Mountain (*Er Long Shan* 二龙山) and Zhuquan Village (*Zhu Quan Cun* 竹泉村) in a rural part of Shandong Province have

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3 UNWTO "UNWTO welcomes China's decision to make tourism a tool to fight poverty," available at: <http://media.unwto.org/press-release/2015-07-29/unwto-welcomes-china-s-decision-make-tourism-tool-fight-poverty> (Accessed 12 December 2016).



Figure 1. Provincial-level units and the three economic belts in China

Source: Fan, C. C. & Sun, M. (2008) "Regional Inequality in China, 1978–2006," *Eurasian Geography and Economics*, 49 (1): 4.

been selected for 3 reasons. Firstly, both areas were awarded the title of 'Chinese Models of Rural Tourism' by the National Tourism Administration in 2015 in recognition of good practice of PPT. Secondly, while previous studies focus on the PPT launched by governments in western and central regions, Erlong Mountain and Zhuquan Village are developed and managed by a community-based company and the private sector. Thirdly, both tourist areas opened in 2009. And Erlong Mountain is located in the coastal city of Qingdao, while Zhuquan Village is located in the inland city of Linyi. The locations of these 2 tourist areas are shown in Figure 2.

Erlong Mountain has been open to tourists since April 28, 2009. It was developed by a local community organization called the Xiaowang community. This community-based company (Qingdao Xiaowang Shengtai Tourism Co., Ltd.) was established on April 7, 2009 with half a million yuan of capital, and has around 60 employees. The Erlong Mountain area covers 12.2 km<sup>2</sup> located near the East China Sea on the southeastern coastline of the Shandong Peninsula. The area attracted 155,000 tourists in 2015, and there has been an increase in the average local annual income from 7,180 yuan

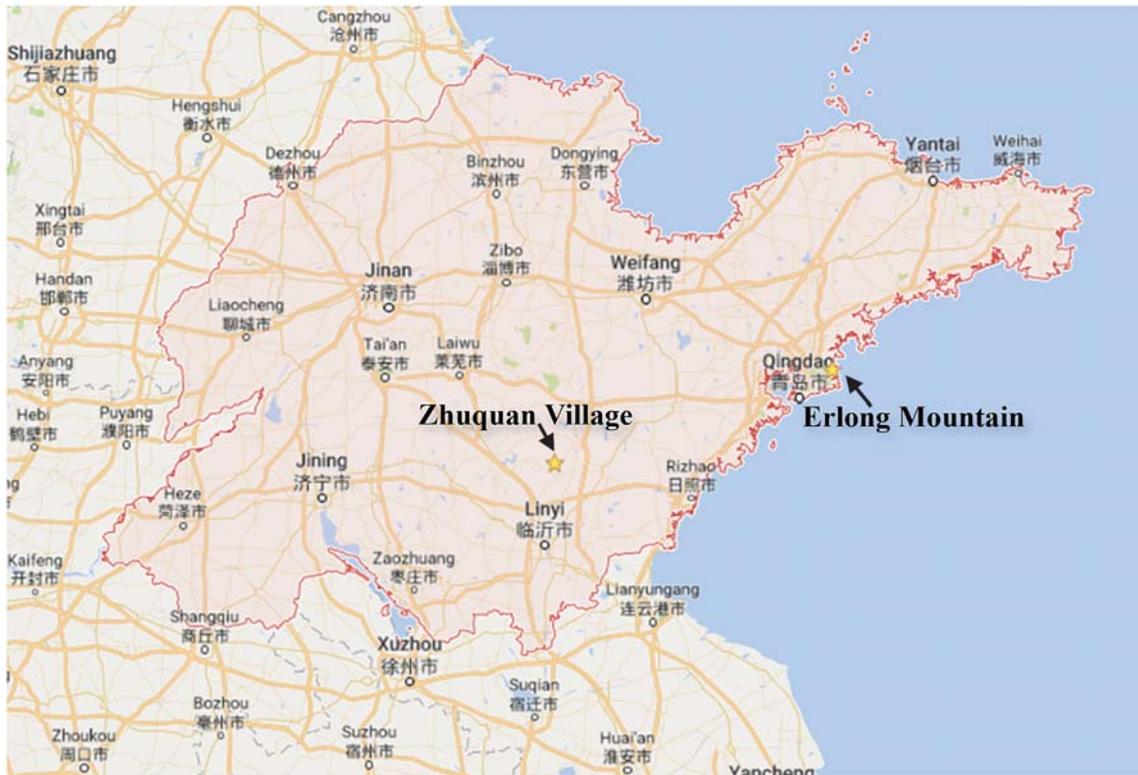


Figure 2. The locations of the two tourist areas

Source: Google Map.

in 2007 to 16,800 yuan in 2015.

Zhuquan Village opened for tourism on July 12, 2009. It was developed and is managed by the Shandong Longteng Zhuquan Tourism Co., Ltd, a private sector organization founded on December 4, 2007 with 50 million yuan. Zhuquan Village covers an area of 0.53 km<sup>2</sup>, and employs about 300 employees. In 2015, 550,000 tourists visited Zhuquan Village, and there has been a subsequent increase in average local annual income from 5,408 yuan in 2007 to 14,458 yuan in 2015.

According to BOP's definition (US\$3,000 dollars is equivalent to around 21,000 yuan), the local people in both cases are still living in relative poverty. That said, it cannot be denied that the income in both cases has greatly increased since tourism has been developed. In this chapter, these two cases will be studied by following the framework based on strategic management described earlier: background, development & stakeholders, marketing mix, business model and benefits for the poor. The summary of these two case studies is given at the end of this chapter.

### C. A Case Study of the Erlong Mountain

In the case of Erlong Mountain, Qingdao Xiaowang Shengtai Tourism Co., Ltd. (Xiaowang Company for short) will be focused upon because the tourist area has been

Table 4. Basic information for case studies

| <b>Company<br/>(Founded; Capital;<br/>Employee)</b>   | <b>Tourist Area;<br/>Opening Date</b> | <b>Area;<br/>Population</b>     | <b>Tourists</b>   | <b>Average<br/>Local Annual<br/>Income</b> | <b>Research Date</b>                                       |
|---|---------------------------------------|---------------------------------|-------------------|--|--|
| Qingdao Xiaowang<br>Shengtai Tourism<br>Co., Ltd.<br>(7 April 2009; ¥0.5<br>million; 60)    | Erlong<br>Mountain;<br>28 April 2009  | 12.20 km <sup>2</sup> ;<br>3100 | 155,000<br>(2015) | ¥7,180<br>(2007)<br>¥16,800<br>(2015)      | 8 March 2016<br>3 May 2016<br>5 May 2016<br>10 August 2016 |
| Shandong Longteng<br>Zhuquan Tourism<br>Co., Ltd.<br>(4 December 2007;<br>¥50 million; 300) | Zhuquan<br>Village;<br>12 July 2009   | 0.53 km <sup>2</sup> ;<br>469   | 550,000<br>(2015) | ¥5,408<br>(2007)<br>¥14,458<br>(2015)      | 13 March 2016<br>1 May 2016<br>4 May 2016<br>9 August 2016 |

Source: Author.

developed and is managed by this community-based company. The area inhabited by the Xiaowang community is fairly densely populated with an average of less than 200 m<sup>2</sup> of cultivable land per person, although the land is actually not suitable for mechanized farming and other forms of industry. Most local people therefore rely on planting and selling green tea. The Chinese religious, philosophical and ritual tradition of Taoism is the religion of Xiaowang.

In the 1990s, 13 community-based companies within the Xiaowang community failed due to poor management, and by 2007, those community-based companies had all been sold. Meanwhile, the local tea industry was floundering. Fortunately, there are two beautiful dams in the Xiaowang area, and as 80% of the area is covered by forests, the negative ion air oxygen content per cubic centimeter reaches 6000, higher than inland cities in China.

It was for these reasons that the Xiaowang community decided in 2003 to develop the Erlong Mountain area for tourism. They began by inviting a professional company as consultants, and Tangzi Taoist temple was subsequently rebuilt in 2005. However, at that time Erlong Mountain was still a part of the Mount Lao area, which is managed by local government and is a popular national tourist area.

How important the role of local government is during tourism development can be seen in the support provided to the Xiaowang community. Firstly, the local government was given a grant in 2009 to manage the Erlong Mountain area. The local government also provided financial support for infrastructure development, such as dams, roads and rivers, in the Erlong Mountain area. With the development of tourism, the number of tourists increased from 45,000 in 2009 to 155,000 in 2015.

In terms of marketing, the Erlong Mountain area can generally be described as a healthy place, being located in a rural area near to Qingdao city, which is by the Yellow Sea. Most of the tourists that come to Erlong Mountain are from the urban district of Qingdao, and the main attractions are the fresh air, beautiful dams and mountain climbing. The peak seasons for tourism are spring and autumn. While the entrance fee was 30 yuan between 2009 and 2012, this was raised to 50 yuan in 2013. The main sales system is via ticket booths, which account for 80% of sales, with the remaining 20% of tickets being sold through tourism companies. In 2015, the Xiaowang Company started to sell tickets online through a partnership with a company called Meituan, which is a Chinese group buying website. The price of tickets online is kept above 35 yuan, with 20 yuan of each ticket going to the Xiaowang Company. At the time of writing, there are only two forms of promotion, one being through tourism companies, and the other through local government.

Investment for development of tourism in Erlong Mountain has mostly come from the Xiaowang community, with a small proportion coming from local government. Money is only being made through selling entrance tickets. Moreover, all of the employees, who are local people from the Xiaowang community, have insufficient knowledge of marketing strategies. Unsurprisingly, the director of the Xiaowang Company believes that hiring experts or collaborating with professional tourism bodies will be an important future step. For example, cooperation with a professional tourism company would allow restaurants and hotels in Erlong Mountain to be opened, as long as the nature in Erlong Mountain is well protected.

The development of tourism in the Erlong Mountain area not only increases the income of local people, it also improves the environment for the Xiaowang community. There are currently 30 people engaged in the tourism business as managers, and 600 people engaged as employees. Tourism development promotes revenue from hotels and restaurants around Erlong Mountain, and during national festivals, the Xiaowang Company shares the extra income with locals. Finally, the spiritual outlook of the community has drastically improved because of the local people's interaction with tourists.

#### **D. A Case Study of Zhuquan Village**

Zhuquan Village is part of the town of Tongjing, and is 12 km away from the city of Linyi. The city is comprised of 143 households and 469 people, and there is an average of about 780 m<sup>2</sup> of available cultivable land per person. Before tourism had been developed, 80% of the locals had left the area, with the remaining 20% being the old people and children who were still living off the land.

In April 2007, the local government conducted a feasibility study and concluded

that Shandong Longteng Zhuquan Tourism Co., Ltd. (Longteng Company for short) could invest in the development of tourism in the village of Zhuquan. The local government also invited experts from the Tourism Planning and Design Institute of Shandong Province to design parts of the village for tourism.

The construction of the new tourist areas started in May 2008, and the village of Zhuquan was transformed into 2 parts: 'Old Zhuquan Village' and 'New Zhuquan Village'. 'Old Zhuquan Village' was kept in the original style, and combined traditional cultural elements into a tourist area, while 'New Zhuquan Village' was redesigned as a residential district for the residents of the original village with roads, water and electricity being provided by the company of Longteng. The company also provided 143 villages with an average of 55,000 yuan compensation for the redevelopment of Zhuquan. The construction was completed in 2009, and 'Old Zhuquan Village' officially opened on July 12, 2009.

Longteng Company invested 156 million yuan in the village of Zhuquan during the initial period. The company itself started in the sector of tourism development through a state-owned company's loan of 10 million yuan. The Zhuquan Village project combines ecological sightseeing, leisure, catering, entertainment and business within an integrated tourist area. During the development of the tourist area, the local government set up the tourism development and construction headquarters to coordinate the stakeholders for Longteng Company. Local government used highly effective methods to gain supporting capital of 1.73 million yuan for Zhuquan Village's watershed management, a water-saving irrigation project, rural housing construction and the renovation of dangerous houses. Local government also invested over 5 million yuan in the environment governance and reformation of the tourist area. The investment covered bridge repair, road reconstruction and landscaping within Zhuquan Village.

Longteng Company took full advantage of the local amenities of bamboo, spring and old houses to build Zhuquan Village into an all inclusive tourist area. The entrance fee was 60 yuan in 2009, 80 yuan in 2011 and this was increased to 98 yuan in 2013. Ticketing channels have developed from ticket booths to diversified sales, such as travel agencies, group buying websites and Online Travel Agents (OTA for short). Sales through ticket booths currently account for 65% of sales, with travel agencies comprising 25% and online sales 10%. The ticket prices of booth, travel agency, and online sales are 98, 60 and 80 yuan respectively. The commission for each online ticket is 5 yuan. Travel agencies rebate ladder bonus at the end of the year. This is done according to the number of tourists, and bonuses range from 3 to 8 yuan per ticket or are rewarded separately.

Between 2009 and 2010, the main promotional media was traditional press such as TV and newspapers. However, between 2011 and 2012, the proportion of 'we media'

(such as WeChat) increased, as has the use of outdoor billboards and radio promotion since 2003. July 12 is the anniversary of the Zhuquan Village tourist area, and Longteng Company attracts tourists every year in July through all sorts of fun activities such as a mini-marathon. The amount of promotion via TV and newspaper is in gradual decline, while the amount of online media is increasing. Zhuquan Village has won many honors, which has aided its promotion.<sup>4</sup>

Longteng Company consists of five departments: operation, construction, marketing, finance and commerce. The main revenue from tourism in the area is from the entrance fee, which accounts for about 70%. However, the proportion of revenue in recent years from the entrance fee has declined in favor of other sources of revenue such as accommodation, catering, entertainment and souvenirs (such as Zhuquan Village mineral water). Longteng Company is currently managing a 3-star hotel, 2 restaurants, 30 villas and 3 conference rooms within the tourist area. There is also a commercial street called 'Spring on the Mall' which provides tourism commodity sales and a catering service. This has originally been leased to an outside company, but Longteng Company is now retaking control.

The development of tourism in Zhuquan Village increases local people's income. The company pays an annual land rent of over 400,000 yuan to Zhuquan Village Committee, while also hiring local people as employees in construction, gardening, cleaning, security, services and so on. This means that nearly half of the villagers are working in tourism. In addition, the company is providing support to the poor in the development of ecological agriculture. Longteng Company has signed an agreement that has helped 125 poor people to procure agricultural products. Moreover, the company hired agricultural experts to teach planting techniques to the poor before and after the Spring Festival in 2016.

Local government gives preferential policy and financial support to local people who participate in the tourism business and this has created a large number of business opportunities. These opportunities can be divided into 3 types: product sales, restaurant and hotels. The first comprises of locals selling agricultural products and handicrafts directly to tourists. Restaurants offer local traditional food and since 2009, as many as 40 new hotels around the tourist area have opened.

## **E. Summary of Case Studies**

The case studies of Erlong Mountain and Zhuquan Village are summarized in Table

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4 These include 'Hospitality Shandong', 'The National Demonstration Pilot Project of Leisure Agriculture and Rural Tourism', 'The National Water Conservancy Scenic Spot' and 'The National Model Prize for a Residential Environment'. It was also voted by mainstream media as 'The Most Beautiful Village in China'.

5, based on the framework (background, development & stakeholders, marketing mix, business model and benefits for the poor).

Firstly, the background of these two cases shows that people in rural areas find it difficult to reap the benefits from Chinese reform and opening up policy. Even though the Xiaowang community is located in Qingdao, an open coastal city in China, the community was unable to develop the local economy because the land cannot be utilized for either agriculture or industry. The land of Zhuquan Village is also unsuitable for agriculture and industry, and access is poor due to a lack of infrastructure.

Secondly, the role of local government is important in both cases. The community in Xiaowang was given a grant to develop and manage Erlong Mountain, and they also received financial support from local government to improve infrastructure such as dams, roads and rivers. On the other hand, in the case of Zhuquan Village, the local government decided that Longteng Company should be allowed to invest in Zhuquan Village. Local government played a role by coordinating with Longteng Company and inviting experts to design the tourist area. In addition, local government set up a tourism development and construction headquarters to support Longteng Company.

Thirdly, both case studies show that the private sector is marketing better than communities. Longteng Company has a professional marketing department, while the community-based tourism Xiaowang Company has to rely on the marketing activities of local governments and tourism companies. Both cases demonstrate the importance of developing local tourism resources, online promotion and group buying sites. The entrance fees of both tourist areas have increased since their opening.

Fourthly, although local government provided financial support to tourism development in both cases, it is still a minor part of overall investment. Investment in Erlong Mountain mainly comes from the Xiaowang community, while investment for Zhuquan Village comes from Longteng Company. The business models of these two cases rely on revenue from entrance fees. However, although the price of entrance fee has increased in both cases, the ratio of revenue from entrance fees is shrinking. Longteng Company is instead concentrating on creating revenue from restaurants, hotels and product sales, while Xiaowang Company is planning to invite a professional tourism company to develop hotels and restaurants in the Erlong Mountain area.

Fifthly, in both cases, local people's income has increased markedly after the development of tourism. With the development of infrastructure, access is improved. Local resources, such as bamboo, springs, old houses, trees, stones and traditional culture are protected and fully utilized through tourism. Local people are employed by tourism companies, and gain the opportunity to learn more about tourism. In the Erlong Mountain, all employees are locals. Moreover, many business opportunities are created through the development of tourism. Local people can sell product to tourists directly, as

well as open restaurants and hotels for tourists. Longteng Company has even invited experts to help the poor learn ecological agriculture.

Table 5. Summary of case studies

| <b>1. Background</b>  | <b>2. Development &amp; Stakeholders</b>  | <b>3. Marketing Mix</b>   | <b>4. Business Model</b>   | <b>5. Benefits for the Poor</b>   |
|---|---|---|--|---|
| <ul style="list-style-type: none"> <li>• The land is not suitable for agriculture or industries</li> <li>• Both cases have been awarded the title of 'Chinese Models of Rural Tourism'</li> </ul> | <ul style="list-style-type: none"> <li>• The government is the crucial stakeholder</li> <li>• Government coordinates other stakeholders for companies</li> <li>• Government supports PPT in policy and funds</li> </ul> | <ul style="list-style-type: none"> <li>• Developing local tourism resources</li> <li>• Companies are marketing better than communities</li> <li>• Online promotion and group buying sites are popular</li> <li>• High entrance fee</li> </ul> | <ul style="list-style-type: none"> <li>• Investment mainly from companies</li> <li>• Relying on entrance fee</li> <li>• Tendency to move from entrance fees to managing hotels, restaurants and product sales</li> </ul> | <ul style="list-style-type: none"> <li>• Employment by companies</li> <li>• Product sales</li> <li>• Restaurant and hotel business</li> <li>• Improvement of environment and infrastructure</li> <li>• Education</li> </ul> |

Source: Author.

## **VI. Discussion and Conclusion**

### **A. Tourism Development and the Role of Governments**

The two case studies have clarified the role of local government. Although the development and management of PPT are usually initiated by companies, local governments have an indispensable role. Firstly, local government can provide the authority for PPT development to companies. Secondly, local government can act as a coordinator for companies with different stakeholders, such as other government departments, tourism planning and design bodies, local people and tourists. Thirdly, local government can support PPT in policy decisions and funding. This is especially true in the case of Erlong Mountain where local government is doing the promotion for Xiaowang community.

However, it is not always the case that PPT initiatives by central government develop into independent projects. In 2000, the first national PPT experimental zone was developed in the Ningxia Liupan Mountains. Since 2006, the central government has invested more than 300 million yuan for infrastructure improvement in this project. Despite a significant ratio of tourism income to GDP, Liupan Mountains' local fiscal arrangements remain mainly dependent upon payments by the central government, meaning that this pilot PPT project continually seeks governmental investment for survival, which may explain why we still cannot see another national PPT project in China (Zou, Huang & Ding, 2014: 265).

Actually, since national reform and opening up in 1978, the Chinese government

has played various important roles in tourism development. The roles can be categorized as follows: Operator – providing the infrastructure for tourism development through the ownership and operation of tourism businesses; Regulator – formulating and implementing regulations for the running of tourism businesses; Investment stimulator – stimulating investment in tourism by granting financial incentives; Promoter – spending money on the international promotion of the tourism industry; Coordinator – coordinating activities among different government departments with respect to tourism; and Educator – establishing educational tourism institutions and providing education and training programs in tourism (Zhang, Chong & Ap, 1999: 482). It can be seen that tourism has transformed from being initially a political tool, which was centrally controlled, to an economic entity that is now driven by market forces. The initial role of government as an operator has also now changed to that of being a planner and coordinator (Zhang, Chong & Ap, 1999: 482-483).

The two case studies described in this paper show the local governments' role as coordinators, investment stimulators and regulators. Although central government actively promotes PPT politically, the case studies demonstrate that governments act as support for PPT via coordination, rather than using PPT as part of government operations.

## **B. Online Marketing and Entrance Fee Business Model**

The case studies in this paper show an increasing trend towards online marketing that includes ticket sales via group buying websites and online promotion. The reason for this trend can be understood as an increase in internet use in China. In June, 2016, China had 710 million internet users, with 51.7% penetration rate. The number of mobile internet users in China is 656 million, with 92% of Chinese internet users using mobile phones to surf the internet (CNNIC, 2016).

The tourist areas we have looked at target domestic tourists. The tourists that go to Zhuquan Village are mainly from Shandong Province, while the tourists that go to Erlong Mountain are mainly from the urban area of Qingdao. The number of tourists in Zhuquan Village is increasing much more rapidly than in Erlong Mountain. There are a number of reasons for this. On the one hand, Longteng Company has a professional marketing team that is promoting Zhuquan Village via many different channels, while Erlong Mountain mainly relies on local government and tourism companies. On the other hand, Zhuquan Village enjoys bamboo, spring water and old houses, which are rare in the north of China. The characteristics of Erlong Mountain are similar to those of Mount Lao, which is a national tourist area in Qingdao. That said, both Zhuquan Village and Erlong Mountain face a reduction in tourist numbers in winter due to the cold in the north of China. How to attract tourists all year round through promotion or developing

new tourist attractions would be an important consideration for both tourist areas in the future.

Nowadays, both tourist areas rely on revenue from entrance fees, which can be called the entrance fee business model. However, there is a trend of decreasing the percentage of revenue from entrance fees. While this may limit the number of tourists and reduce environmental pressure in tourist areas, it is not the only way to solve this problem. An alternative is scientific management, such as online ticket management, which is helpful to effectively control the flow of tourists (Zhou & Xiong, 2010: 68). In fact, local governments have designated authorities that set the price of entrance fees (Zhou & Xiong, 2010: 69), and in some tourist areas, the entrance fee is one of local governments' financial resources (Jiang & Cao, 2013: 39).

However, to achieve sustainable development in both tourist areas, solely relying on an entrance fee business model is insufficient. Hangzhou West Lake (*Xi Hu* 西湖) is the first national tourist area since October, 2002 to not charge an entrance fee.<sup>5</sup> In 2014, the number of Hangzhou's domestic tourists was 106 million, 2.52 times that of in 2002, while the total revenue from tourism was 189 billion yuan, 4.84 times that of in 2002. This is because free entrance attracts a large number of tourists who are glad to extend their stay, thus promoting the development of transportation, restaurants and hotels in the whole of Hangzhou city.<sup>6</sup> While a policy of having no entrance fees may not be appropriate for all tourist areas, increasing the added value of tourism areas to upgrade local tourism industry can be of great significance.

### C. The PPT Model in China

Although the PPT model in China has not yet been created, according to Zheng & Zhong (2004), Li (2010) and Su (2011), six general inter-related models have been identified for rural tourism development in China.

(1) Household-run small business: this model has proved to be the most popular one with those whose farm-based entertainments are located within or near tourist areas. Some examples of businesses that follow this model are family-run restaurant/hotels, short-distance transportation, photography and direct sales of goods to tourists.

(2) Individual farmstead: this model is similar to household-run small business, but on a larger scale. Individual farmstead can be adapted for tourist areas to provide

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5 Zhongshan Tourism Dalian China (2016) "The reasons why the Xihu tourist area is making money after having a policy of free entrance for 10 years," available at: <http://travel.sohu.com/20161002/n469523454.shtml> (Accessed 20 November 2016).

6 Fang, M. (2015) "Hangzhou Xihu's free entrance fee policy for many years has improved total tourism revenue," available at: <http://env.people.com.cn/n/2015/1109/c1010-27792343.html> (Accessed 20 November 2016).

performance, handcrafting, entertainment and production services.

(3) Farmer family plus farmer family: led by the exemplary model of ‘individual farmsteads’, other farmers are motivated to join in the rural tourism sector. Examples include ‘fowl-raising families’, ‘green vegetable families’, ‘aquatic product families’ and ‘folk performance families’.

(4) Company plus farmers: investors from outside the villages put in a tender, invited by the local government, for setting up a tourism company specializing in the development and management of the village’s rural tourism. The company leases land and other resources from the farmer to get them involved in developing and managing tourist areas.

(5) Company plus community plus farmers: in this model, community refers to a rural tourism association representing the local community authority. The company is entrusted by the association with specific matters related to the operation of the village’s tourism business. The association provides a bridge between companies and farmers.

(6) Government plus company plus farmers: this model can be often seen in large-scale tourist areas developed by the local government in rural areas. In developing a large-scale tourism project, the government at local or regional levels need to requisition the land from farmers, meaning that the government is required to employ farmers to work for the tourism company, which is either organized by the governments by inviting outside investors to run the businesses, or by the local community authority as a collectively-owned rural company.

These 6 models show various combinations of different stakeholders. Erlong Mountain can be categorized as ‘government plus community plus farmer’, while Zhuquan Village is an example of the ‘government plus company plus farmers’ model. However, the pro and cons of each model needs further discussion. Moreover, a new model of PPT that discusses the benefits for the poor should be considered. This paper presents such a model that considers central government, local government, the locally owned company and the non-locally owned company. The characteristics of these four stakeholders and the benefits for the poor are as follows.

There are 4 quadrants in this model. The one on the upper left stands for local government, the lower left is for central government, the upper right is for locally owned companies, and the lower right corner stands for non-locally owned companies. Local government and locally owned companies have a strong local connection with local people, but the marketing strategy of locally owned businesses is usually weaker compared to that of non-locally owned businesses.

The Erlong Mountain tourism business belongs to a locally owned company. It is a form of community-based tourism with strong local connections, but the local people lack marketing strategy in the management of Erlong Mountain. Zhuquan Village, on the

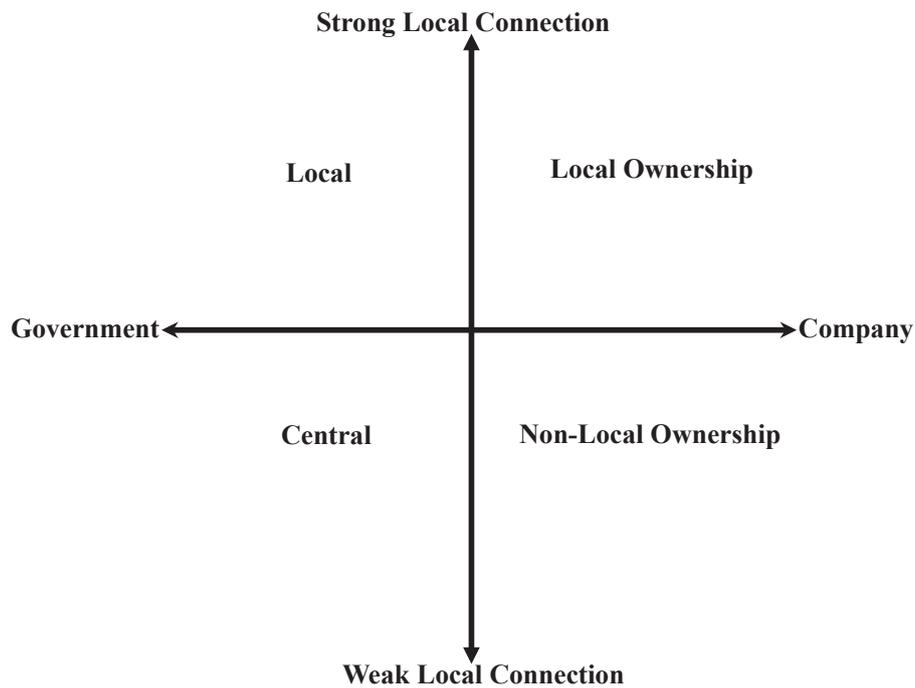


Figure 3. A new model for analyzing PPT

Source: Author.

other hand, is owned by a company that has a strong marketing strategy and isn't local, namely Longteng Company, which has been invited in by the local government from outside of the village. However, in this case, the connection with local people is not as strong as it would be with a locally owned company. The central government has released regulations to support PPT and has initiated a national PPT experimental zone, which has not been well evaluated. Local governments can give the authority for PPT development, act as a coordinator, and support PPT in terms of policies and funds.

Considering the benefits for the poor, local people can reap the benefits directly from a locally owned company. These benefits not only include the bonuses from community-based tourism, but also that from family-run restaurant/hotels, direct sales of goods or service to tourists and so on. However, owing to the lack of marketing strategy, it may be hard for local people to expand their tourism businesses. On the other hand, a company in non-local ownership usually has a professional marketing team. That said, while local people can reap benefits through working for the company, and engage in tourism business around the tourist area, they cannot share in the profits directly from the company.

In this paper, the incidence of PPT in China from the perspective of strategic management has been explored. First, literature related to tourism and poverty reduction was reviewed. A framework with 5 steps based on strategic management was created for

the case studies. Two original case studies in Eastern Region of China were then introduced and analyzed following the framework. Finally, the findings were discussed and the conclusions of this paper were reached.

To achieve sustainable development of PPT in China, giving full play to the supporting role of government, strengthening online marketing and upgrading the traditional entrance fee business model to one of industrial tourism is important. In a future study, a new analytical PPT model will be discussed and further improved. A hybrid model that includes strong local connections and marketing strategies would represent good practice for PPT.

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## **The role of solar photovoltaic power plants in Philippine energy production**

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*Abstract: Three solar photovoltaic power plants in the Philippines: Valenzuela Solar, Raslag Solar and Calatagan Solar, were visited, and the problems regarding the operation and maintenance of these power plants were examined through discussions with the Philippines' Department of Science and Technology and the Philippines' Department of Energy. Modern PV power plants require less expenditure for maintenance and have lower running costs than other plants based on the previous generation of technology. The return of investment for these facilities appears to be around 10 years, and they can operate for more than 15 years. Furthermore, the high insolation in the Philippines makes PV electricity production a cost effective power source.*

**Keywords:** Solar Energy, Solar Photovoltaics

### **I. Introduction**

Global energy consumption is constantly rising and is predicted to increase further in the years to come. Since fossil fuels are in short supply and are so becoming increasingly difficult to locate, the need for securing a dependable renewable energy (RE) source is one of every country's top priorities. In addition, the looming specter of climate change is pushing for more active participation in the campaign to prevent further environmental degradation. The United Nations places great emphasis on energy resources, citing procuring affordable and clean energy as one of its Sustainable Development Goals. The Asian Development Bank also stresses the importance of energy security and sustainability in their Policy Paper entitled "Energy Policy", which was released on June 2009 [1].

Relying on renewable energy sources, particularly solar photovoltaic (PV) energy can actually increase electricity production. Solar PV systems are generally classified into two main types: grid connected, also called a centralized system, and an off-grid, or decentralized system. Of all the types of solar cells, the most commonly utilized is the silicon-based cell. Another version is the thin film module which is less efficient, but more economical. The most efficient type is called concentration PV cells. The latest

model, called organic PV cell, is still in the research phase [2].

The main requirement for solar PV systems to work is an abundance of solar insolation. One country that has abundant solar irradiance is the Philippines with an average of 1643 to 2008 kWh/m<sup>2</sup> per year of solar insolation in some parts of the country [3]. This clearly demonstrates that solar energy can be a promising renewable energy source for the Philippines. However, implementing this type of energy source is expensive as there are many factors involved in production. Firstly, a sizeable piece of land, which is not needed for other RE power sources like hydro, wind and biomass is required for the construction of the plant. There is also extensive additional costs involved in producing solar panels. All the stages of production from the initial stages of the mining of the SiO<sub>2</sub> needed for the production of solar cells, to refining the ore to extract silicon and then turning this metallurgical-grade silicon into polysilicon, all often mean that excessive fumes are emitted that are hazardous to health and the environment [4]. However, this problem can be resolved through better environmental practices. Another approach that decreases the cost of producing solar cells is recycling. Instead of disposing of the used, end-of-life PV modules, the monocrystalline, polycrystalline, or amorphous silicon contained in solar cells is much more economical and environmental friendly.

Solar technology is not new in the Philippines, small solar power projects have been implemented in certain parts of the country as early as the 1990s. As part of the German-Philippine Special Energy Program that ran between 1987 and 1999, a 3kW/peak solar power plant project has been employed at San Agapito in Batangas. Another initiative is the Municipal Solar Infrastructure Project, which is a joint venture of the Australian Government Overseas Aid Program (AusAID) and British Petroleum (BP) and develops distributed solar-home systems, solar lanterns and solar pumps for water distribution in the southeastern part of the Philippines. Both of these projects were reported as being successful according to project documents, but the case study and field report by J. Marquardt on 2013 states an opposing view [5]. According to his findings, the facilities in the projects broke down after only a few years of operation. Most panels were missing and the facilities were reported to have stopped working after just 2 to 3 years of operation.

There has been an increase in the number of renewable energy companies in the Philippines. This is due to incentives provided by the government to companies who are willing to invest in renewable energy production. However, under Philippine law, investors of any type of business are required to have 60% Filipino ownership in their companies [6]. Clearly, this hinders international investors from establishing energy related businesses in the country, but the current president of the Philippines, Rodrigo Duterte, is willing to bypass this law if it will increase investment in energy.

## **II. The Renewable Energy Situation in the Philippines**

The main institution involved with energy policies and regulations in the Philippines is the Department of Energy (DOE), which was created in 1992 through the Republic Act (RA) 7638 [7]. The DOE operates in collaboration with the Energy Regulatory Commission (ERC) and the National Renewable Energy Board (NREB). However, it is the DOE that is the governing body tasked to oversee the energy sector, and it is backed by the ERC and NREB, which are both involved in the formulation and implementation of the policies regarding energy production and distribution. Section 21 of the Electric Power Industry Reform Act (EPIRA), RA 9136, or the EPIRA Law of 2001 state that the National Transmission Corporation or TransCo, the company that owns the transmission sector, should be privatized. The aim of this privatization policy is to enhance power generation, transmission and distribution, and is also expected to promote a free market, thus lowering the price of electric power. However, privatization has instead resulted in the government having no control over pricing. In fact, the price of electricity has sharply increased as power was only being generated using fossil fuels, due to the absence of technology and investment on renewable energy. This encouraged the government to look at other possible sources for the provision of more affordable electricity.

A solution to the high cost of electricity generation has arisen through the passage of two new laws: the "Biofuels Act" of 2006 (RA 9367) and the "Renewable Energy Act" of 2008 (RA 9513) [8, 9]. These laws have accelerated the exploration and development of renewable energy sources to further support economic growth. Through these laws, additional incentives have been given to companies that produce and promote renewable energy. These initiatives are as follows: no tax per liter volume for local and imported biofuels; VAT exemption for the sale of raw materials used in production of biofuels; exemptions from wastewater charges for industrial effluents; and financial assistance provided to those who engage in the production, storage, handling, and transport of biofuel and biofuel feedstock. This has led to a surge in renewables being introduced into the Philippine market. The feed-in tariff (FIT) system, which is part of the renewable energy act, is a long-term agreement that entitles the producer of electricity generated by renewables to a fixed payment for every kilowatt-hour of energy supplied to the grid within a minimum period of 12 years. The budget for the FIT is included in the bills of electricity consumers under the name FIT all or feed-in tariff allocation, which currently stands at 0.12 PhP per kilowatt-hour. All of these incentives have prompted the emergence of private sectors investing in renewable energy production. From the total power generation reported by DOE in 2014, the total share capacity coming from renewable energy is 24.1% with total generation standing at 38,206 GWh [10]. Maximum capacity is still increasing with the addition of more renewable energy

power plants and through the long-term projects of the government and its ultimate vision of “Energy Access for More”. In addition, according to the National Renewable Energy Program (NREP) roadmap, the target RE capacity has increased threefold from 5,369 MW in 2010, to 15,236 in 2030 [11]. Since the passing of the EPIRA law, private companies have started investing in renewable energy to provide sustainable alternatives to the old diesel powered systems. There are several different energy sources available in the Philippines; namely hydro, geothermal, natural gas, oil based, coal, biomass, wind and solar. Out of all of these, the majority of production comes from coal, which accounts for 31.81% of energy generation in the Philippines. However, as coal is not a “clean fuel” its use can gravely affect the government’s commitment to help reduce greenhouse gas pollution. In terms of renewable energy sources, as of 2014, hydro is the most widely used, with 3,543 MW installed capacity, then geothermal at 1,918 MW, next is wind at 282.9 MW, then biomass at 131 MW and the lowest is solar at 23 MW [12].

An interview with Engr. Arnulfo M. Zabala, the Supervising Science Research Specialist of Solar and Wind Energy Management Division of the Department of Energy (DOE) Renewable Energy Management Bureau, and through consultation with Engr. Ermie Bacarra, Chief Science Research Specialist, Human Resource and Institution Development Division at Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD), Department of Science and Technology (DOST), it was clarified that renewable energy in the Philippines is state owned. It was also explained that this means that stakeholders interested in putting up business related to renewable energy will have financial and legal obligations to the state, and so these companies need to enter into a contract with the government before they can build RE power plants. There are two types of contracts that any private sector can participate in. One is the open and competitive section process (OCSP), wherein any predetermined location with a potential for housing a renewable energy power plant can be offered by the DOE for bidding to interested companies. Another method is through direct negotiation, where the site can be chosen by the company and the contract can be directly submitted to the DOE. After application of both contracts, FIT is still subject to approval.

### **III. Solar photovoltaic energy in the Philippines**

The Philippines is a country in South East Asia located 15° north of the equator. With a population of around 100 million and an area of 300,000 square kilometers, it is most densely populated in and around the capital city, Manila. The Philippines is an archipelagic nation made up of 7,107 islands with three island groups; Luzon, Visayas and Mindanao. The climate is tropical and the temperature ranges from 20 to 35°C. It is part of the Pacific Ring of Fire, the most seismically active region in the world, meaning

that there are frequent earthquakes and volcanic eruptions. More than 15 tropical storms pass through the Philippines with an average of 10 making landfalls.

Many major industries in The Philippines such as electronic assembly, pharmaceuticals, chemicals and food processing, all rely on electricity. Data from the ASEAN Centre for Energy states that as of 2014, only 79.88% of the whole Philippine population has access to electricity [13] less than neighboring countries such as Malaysia and Thailand where 100% of their population has access to electricity. Although Indonesia's situation is also complicated by having a similar topography to the Philippines, in that both countries comprised of many large and small islands, 88.6% of Indonesia's population benefits from access to electricity. Having access to electricity can be translated into economic activity, since most major industries rely on electricity for production and operation. The monthly minimum wage in the most urbanized region, which is around the nation's capital, is 312.19 USD and it is in the top 15 of the list of countries with the lowest consumer price index [14].

Table 1 shows the GDP per capita of the Philippines compared to the neighboring countries of Indonesia, Malaysia and Thailand. As seen from Table 1, the GDP per capita of the Philippines is trailing its neighboring countries by a margin of 500 million USD. Another indicator of the poor economic situation of the Philippines is the high unemployment rate, which is as of 2014 data, 7.1% compared to 6.2% in Indonesia, 2.0% in Malaysia and 0.9% in Thailand [15]. However, the table below shows that the GDP of the Philippines increased from 2014 to 2015, while the GDP of the three other countries decreased. The Philippines is one of the few Asian countries where economic growth is forecast. Taking into consideration both the unemployment rate and GDP, it is clearly shown that there is a need for better electricity access for the whole economy to improve.

Table 1. GDP per capita of select countries shown in million USD [16]

| Country     | 2011    | 2012    | 2013    | 2014    | 2015   |
|-------------|---------|---------|---------|---------|--------|
| Indonesia   | 3647.6  | 3700.5  | 3623.5  | 3491.9  | 3346.5 |
| Malaysia    | 10427.8 | 10834.7 | 10973.7 | 11307.1 | 9766.2 |
| Philippines | 2371.9  | 2604.7  | 2787.0  | 2872.5  | 2899.4 |
| Thailand    | 5539.5  | 5917.9  | 6229.2  | 5977.4  | 5816.4 |

Figure 1 shows the average annual amount of solar irradiation in kWh/m<sup>2</sup> for every part of the Philippines [17]. Certain parts of the Philippines experience an average of 1700 kWh/m<sup>2</sup>, more than enough to provide a small village of 1000 households with electricity for an entire year. Current development in solar technology has increased interest in solar PV energy, and this is evidenced by the remarkable boost in solar power



Fig.1. The average annual total of solar irradiation in the Philippines for the period 2007-2013.

capacity from 32.20 MW in 2006 to 1,550.2 MW in 2014. Figure 2 shows the additional solar power capacity for the whole ASEAN region since 2007 to 2014 [12]. From additions of less than 50 MW every year since 2007 to 2010, power capacity of more than 100 MW was made possible from 2011, increasing exponentially up to almost 600 MW by 2014. In the Philippines, the first quarter of 2016 has seen the highest number of new solar photovoltaic power plants, with a 500 MW FIT increase in installations from the 150 MW FIT installed from 2015.

The off-grid system type of solar PV is advantageous for developing countries and for an archipelagic setting like the Philippines. However, the centralized system is more popular for companies investing in renewable energy, because of the high feed-in tariff given to grid-connected systems, which is currently set at \$ 0.23 per kilowatt-hour [3, 18], compared to the FIT or feed-in tariffs of other renewables like hydro (\$0.141), biomass (\$0.158) and wind (\$0.203). The reason behind this discrepancy is that solar PV is the most expensive RE system to develop, and like wind energy, is an unstable renewable energy system as providing a satisfactory power output is dependent on an abundance of sunlight and wind. Both biomass and hydro are base load energy sources, meaning that there is consistent supply of power that can provide for the minimum demand. The grid-connected system also costs less than the decentralized system required for some types of solar energy because energy storage is not required for this

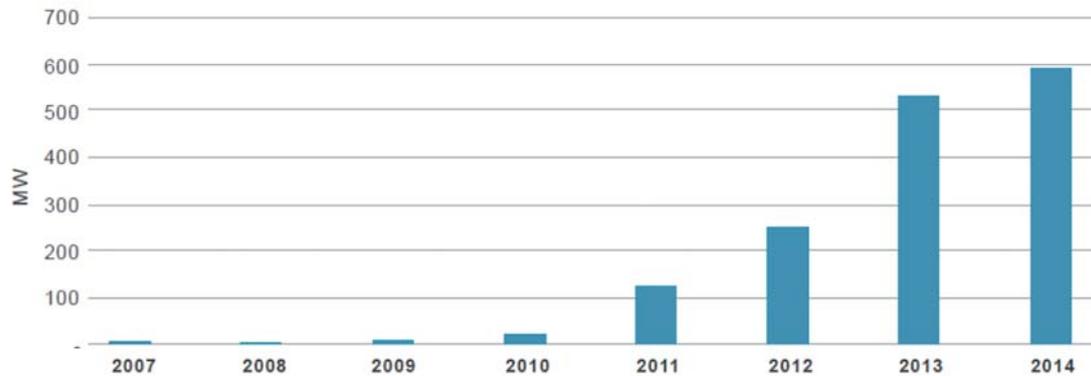


Fig.2. Additional power capacity of solar energy for the ASEAN region from 2007-2014.

particular type of system to work.

#### IV. Photovoltaic power plant operation in the Philippines

Visits to plants, interviews and surveys were conducted at three existing grid-tied solar power plants. These are Valenzuela Solar in Barangay Isla, Valenzuela City; Raslag Solar Power Plant at Barangay Suclaban, Mexico Pampanga; and Calatagan Solar in Sitio Calumpang, Paraiso, Calatagan, Batangas. All three solar farms are located on the largest island of the Philippines, Luzon, with panels tilted at a range of  $15^{\circ}$  to  $20^{\circ}$ , based on the latitude position of the Philippines.

The plant visit to Valenzuela Solar was conducted on December 1, 2016 and two Operations and Maintenance Engineers, Sherwin Tan and Emmanuel Leal, were interviewed. Valenzuela Solar is an 8.5 MW grid connected solar power plant, which went into operation early this year. The power plant uses Suntech polycrystalline PV cells, and is expected to produce an average 11,340 MWh/yr. At least 30 people are working for the company and the forecasted return of investment for this particular plant is in 8 to 10 years.

The location of the Valenzuela Solar power plant is a flat land converted from a fishpond. The site is adjacent to the Polo River, so flooding is common in the area. It is for this reason that the base of the solar farm is elevated one meter from the road and the panels are elevated one meter from the ground. The poles that hold the panels are made of black iron pipe, which is heat and fire resistant. The design of the inverter is a synchronizing device that ties the PV module to the grid. This automatically turns off the modules if the grid connection is turned off.

A plant visit and interview was conducted at Raslag Solar on November 28, 2016 with the Research Engineer Angelo Paolo Usi, and Chief Engineer Benedict Marcelo. The solar farm of 23.19 MW is also connected to the grid and has been in operation since

March 2015. This power plant employs 16 personnel and produces an average power of 34,238 MWh/yr, enough for 9,000 households in 5 barangays. This solar farm is expected to reduce CO<sub>2</sub> emissions by 23,300 tons per year [19]. The plant uses Conergy polycrystalline PV solar cells, which have an efficiency of 17.5%, and degradation of 0.70% per year. They have a product warranty of 12 years. The company estimated that the initial investment would be returned in about 10 years.

The solar farm is higher in elevation compared to other areas surrounding it, such as Angeles and San Fernando. This is important since the Pampanga region where the plant is located is known to flood when there is a typhoon. This factor was considered in the design of the foundations. The frames are made of aluminum, which is light, durable and corrosion resistant, and are driven 3.5 meters to the ground in order to withstand winds of up to 300 kph. The depth is determined with an additional precaution that takes into account that the most destructive typhoon that swept the Philippines, Typhoon Haiyan, had maximum sustained winds of up to 230 kph. Within its brief operation, the plant was shut off only once for controlled maintenance scheduled by the Mabalacat substation where it is connected. During this downtime, the power produced continued to flow to the house load that provides power to the building.

The last solar farm visit was to Calatagan Solar on December 1, 2016. An interview with Engr. Jose Noel Domingo, Officer-in-charge Plant Manager of Calatagan Solar and Engr. David Belleza, Vice President of Construction at Solar Philippines was conducted during the plant visit. Calatagan Solar is currently the largest solar power plant in the Philippines with 200,928 Trina Solar polycrystalline PV solar panels installed on non-corrosive galvanized iron pipes with a penetration depth of two meters and one-meter elevations, and a 63.3 MW maximum capacity. Due to the result of their calculation that the company can get back the investment in 10 years and the environmental benefits, Solar Philippines is planning to invest in building other solar power plants in the future. This solar power plant is located along 165 hectare of grassland at the foot of Mount San Piro, and can produce enough power to supply the entire western region of Batangas province. A total of 100 operations and maintenance, security, housekeeping and engineering employees are currently working on site. Plans of putting up a storage system has been discussed by the owners, however, it is not yet a priority since the power plant would still be operational even without a battery system.

Photovoltaic systems in the Philippines use a common PV array arrangement consisting of parallel-connected strings containing a series of connected solar panels. These strings are connected together in a fuse box. This box, called a string combiner box, is connected to an inverter, which is in turn connected to a transformer tied to the transmission line. In its eight months of operation, only one out of the 32,692 solar panels in Valenzuela Solar has burnt out due to a power surge from the inverter. This

accident has blown up a lighting arrester, which caused a system shutdown for 5 hours. After the incident, all inverters were replaced to prevent further damage. No other effect was seen in the PV arrays, strings, combiner boxes or transmission line. The other two solar farms did not have any problem with the solar cells, other than shattered panels due to transportation and mishandling during installation. Minimal cracks on a solar panel were seen after some residents who initially opposed the construction of the solar farm in Calatagan Solar threw stones at the plant site. The broken panels were immediately replaced and the issue was discussed in a meeting with the community. All scheduled system downtimes for all the power plants visited were due to the isolation of the plant from the grid. However, for Raslag Solar, even when it is not connected to the grid, the facilities inside the power plant can still use the power generated. These downtimes lasted according to the shutdown of the National Grid Corporation of the Philippines, and usually occur about 30 minutes before the connection is fully restored.

## **V. Analysis**

The two unsuccessful projects discussed in the first part of the paper: the solar power plant project in San Agapito, Batangas and the solar home systems project in the southeastern part of the Philippines, were donated and operation was not monitored. The most common problem in the solar PV industry in the Philippines previously was the maintenance of the energy farms. Follow up documentation were only performed two to three years after initial operation of the two projects. Most of the projects were not only scarcely monitored but also poorly maintained by technical staff who supervise the maintenance of the solar cells, leading to the termination of most of the old projects. In addition, communities were not considered as stakeholders in the solar power plants, and so did not feel any need to take care of the systems donated to them. In other words, since they considered themselves as beneficiaries, they were not interested in preserving the facilities. Several solar panels had stopped working after a few years of operation, and the projects were abandoned because the community did not know how to repair the facilities.

In contrast, modern solar power plants visited are privately owned, well monitored, and constantly maintained. The surrounding communities are not detached from the plants but educated about the benefits of renewable energy, while the plant owners are better informed about their social and environmental responsibilities. While they conducted consultations of the community before building the facilities, Calatagan Solar performed tree planting and promoted reforestation activities such as donating seedlings to the Philippine Department of Environment and Natural Resources to relocate the displaced trees affected by the construction. The installation phase also helped the neighboring community by providing jobs for the locals. By comparing former and current successful

cases, we see an obstacle that needs to be overcome in order to maintain a sustainable solar project is the capacity for technical maintenance, which was clearly lacking in the previous discontinued projects. Educating nearby communities on the significance of providing electricity not just for their daily needs, but also for the development of the area is therefore of great importance. Communities can participate in making the solar energy projects sustainable through technology transfer. The knowledge about operation and maintenance can be passed on to community members to assure the sustainable operation of the power plant. Thus, the involvement of the local community is a key for successful implementation of PV power plants. A new power plant also provides more job opportunities for skilled and non-skilled workers. Employed workers were all from the nearby communities, so no relocation was necessary which lessens costs related to employment. Thanks to these initiatives, there is now less opposition from the neighboring communities and the construction and operation is going more smoothly.

## **VI. Conclusion**

The interviews with the engineers from the power plants revealed that the average time for the return of the investment of a solar PV system is 10 years. This is a reasonable amount of time considering the cost of acquiring the area, preparation for it to be suitable for a plant and the purchase of the solar panels, which were all imported from abroad. On the other hand, the facilities are expected to last for 25 years. This is advantageous for companies looking into investing in solar energy since the minimum warranty for solar panels is 10 years. This makes a solar farm a feasible investment, with the operation lasting twice the amount of time it takes to regain the initial investment. There is also the advantage of reduced impact on the environment because solar power plants can reduce CO<sub>2</sub> emission, and the cost for maintenance is limited to the salary of the employees, as solar panels have a 10 or more years warranty.

The electrical system based on PV power plants can help achieve the Philippine government's vision of "Energy Access for More". Maintaining a power plant requires that the community surrounding the area should be considered in aspects of the decision making process, such as plant construction and expansion, since they can affect the livelihood of the members of the community. Educating neighboring communities creates less opposition and allows the changes made in the community to be easily socially accepted.

Adaptation to environmental changes is also an important factor to consider. The Philippines is very prone to strong typhoons, with around 10 tropical storms passing through the Philippines every year. Typhoon Haiyan, the strongest typhoon that passed through the Philippines, had a maximum wind speed of 230 kph. Designing the frames holding the solar panels that can withstand winds stronger than 300 kph is a practical

safety measure that should be made for the solar power plant to be more resistant to damage, and doing so would minimize the need for replacements for damaged panels. The overall evaluation of cost against benefit must be carefully made based on PV adaptivity to the Philippine society.

Solar power plants have seen an increase in popularity over the past two years. The projected capacity of solar renewable energy, which was determined by the National Renewable Energy Program target of the Philippine government, has been exceeded. The target was initially set at 350 MW, but has currently reached the capacities of 500 MW. As this has been greater than the government expected, the PV system development may go on to replace other renewable energy sources such as biomass and hydro energy, which did not increase in maximum capacity.

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## **Seeking New Working Environments for PhD Students: The GRM Career Development Program in the Balkans**

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### **Abstract**

This is a performance report on an international career development program held in the Balkans. The program is entitled the ‘GRM Global Career Development Program (GCDP)’, and is run by leading graduate schools and the GRM career support team. It is implemented by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) at Doshisha University.

The report provides a brief general description about the program and the activities, including research, fieldwork and internships, which took place over several stages. The report is based on the students’ reports which were submitted after the program had been completed<sup>1</sup>.

**Key words:** Career Development program, Global Career, Non academia career opportunities for PhD holders.

### **Introduction**

It is easy to appreciate how difficult it must be for GRM students to find the time to complete the conventional internships that are normally designed for ordinary undergraduate students. This is because GRM students have to complete the minimum 20 credits of GRM courses, in addition to the 30 credits that are obligatory for their

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<sup>1</sup> For more detail about students’ reports, refer to the section of students’ reports in this issue.

respective major. An additional difficulty for these students is that they are either stuck in the laboratory most of their time, which is almost always the case for students within the engineering sciences; or, if they are in the social sciences or humanities, they are often obliged to go abroad for long field trips. This means that it can be hard for them to find the time for an appropriate internship in order to gain real experience of their future work place. It was therefore deemed necessary to design a special career development program to match the needs of these students.

Another reason why the GRM career support team has decided to hold an international version of the “career camp”, which has been held in Japan for several years, was that a considerable number of GRM students expressed an interest in also working outside of Japan. It is this career development program that is the subject of this report.

In order to provide an overall response to the above demands, and to achieve the following aims in particular, the “Global Career Development Program” (GCDP), which is described in detail below, is planned for implementation this academic year.

### **1. Outline of the GCDP**

The ‘GRM Global Career Development Program (GCDP)’, was an “application and selection-based” program designed to support the career development of GRM students and provide them with opportunities to gain short-term workplace experience (“intensive internships”) outside of Japan. The program for GRM students included research, fieldwork, internships, and training in suitable work places. The following points list the GCDP’s aims and goals:

1. Arranging “intensive internship” opportunities for students who wish to work in the private sector (e.g., for global companies), for international organizations, or in academia or government institutions after graduation.
2. Providing short-term workplace experience to assist students in choosing a career path.
3. Offering training in the transferable skills that are often required when applying for a job.
4. Providing opportunities for field practice and in the application of GRM education and knowledge within the chosen area of ‘peace building in post-conflict societies.’<sup>2</sup>

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2 The reason why ‘peace building in post-conflict societies’ was selected as the theme of the program is because the goal of the Global Resource Management Program, as specified on its homepage, “is to produce global leaders (...) who can assist emerging and developing countries, as well as promote human security and inclusive growth, through global resource management by utilizing knowledge gained from both the engineering and social sciences”. Unfortunately, almost all of today’s developing and emerging countries are struggling with conflicts that prevent GRM students from working in the field. As regions where ongoing

## 2. Implementation of the GCDP

### 2.1. Application and Selection

Since GCDP is an extracurricular activity, and as all students of the program should be treated equally, the application period and the requirements for selection, such as writing a proposal, have been determined as follows.

Students were required to write a “statement of purpose” that incorporated the three different questions that had been prepared by the hosting organizations in terms of the educational purpose. The questions were also the main theme of each of the groups throughout the entire program.

The selection process was from the 1st of May to the beginning of June. The individual statements of purpose, in which candidates provided their answers to the question<sup>3</sup>, were used to select participants.

The questions and the hosting organizations<sup>4</sup> are given below:

The first question, which was created by the Mitsubishi Corporation Liaison Office in Belgrade, was for students who want to work for companies within the private sector. The question was: “What is the best way to draw the attention of Tokyo Headquarters to the Belgrade Liaison Office?”<sup>5</sup>

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conflicts are taking place cannot be the location of the program, it was therefore decided that post-conflict areas are the best option. It was for this reason that Bosnia-Herzegovina and Serbia were selected so that students can consider the current situations of the two Balkan countries and predict what kind of opportunities and challenges they may face in their future development.

- 3 7 students were selected and divided into three groups: private sector, international organizations, and academia, with at least two students in each group.
- 4 The author of the report, on behalf of the GRM program, would like to take this opportunity to express his appreciation to everyone who has contributed so much to make this program possible. This includes His Excellency Valentine Inzko (High Representative, Office of the High Representative [OHR]), Mr Michael Doyle (Head of High Representative’s Cabinet, Office of the High Representative), Professor Branislav Đorđević (Director of the Institute of International Politics and Economics in Belgrade), Dr. Slobodan Janković (Research Fellow, Institute of International Politics and Economics), The Japanese Embassy in Belgrade and Sarajevo; Mr. Naoki Tsukada, (General Manager of Belgrade Liaison Office, Mitsubishi Corporation), Mr. Toshiya Abe (Resident Representative of Balkan Office, Japan International Cooperation Agency), Ms. Kudo Mikako, Dr. Keiichi Hashimoto (JICA, Tokyo Headquarter); GRM professors and office staffs; and to the many other members of the above organizations and the others whose names are not mentioned here.
- 5 The background to the first question can be further explained as follows: Corporate strategy generally places emphasis on huge emerging markets, such as China or Africa. While The Balkans (our market) is emerging (i.e. is not yet mature), it cannot be said to be huge. Therefore, what kind of methods would be appropriate to motivate company headquarters

The second question was given to candidates who want to work for international organizations. The question was provided by JICA (Japan International Cooperation Agency) Balkan Office (in Srebrenica and Belgrade), and was: “What lessons have been learnt from the peacekeeping activities of OHR (High Representative for Bosnia and Herzegovina) and JICA during the conflict in Bosnia and Herzegovina?”<sup>6</sup>

The question for those who want to work in academia (or government) was created for the Institute of International Politics and Economics (IIPE) in Belgrade. The question was “What kinds of peace building approaches are better than “the liberal model?”<sup>7</sup>

## 2.2. Implementation

The program was held on 3-17 September, 2016 in Vienna (Austria), Sarajevo, Srebrenica, Mostar (Bosnia-Herzegovina), Belgrade (Serbia), Frankfurt, and Mainz (Germany).

The program has been conducted over the following four stages:

The first stage was research and study of the tasks while the students were still in Japan, i.e. prior to going to Bosnia-Herzegovina and Serbia. From May to the end of August 2016, selected participants worked on questions assigned by each host organization according to the student's career path. During this period, the GRM career support team arranged special lectures and training programs in order to help prepare the participants based on their individual needs.

As an example of the pre-camp classes, a lecture entitled ‘Peace Building and

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to put more effort and energy into expansion within our region?

- 6 Background: It is generally understood that, in the BiH conflict, the aggressors were the Serbs and the victims were the Bosniaks (Bosnian Muslims). However, there may have also been some victims among the Bosnian Serbs. In such circumstances, how can international organizations reach and assist victims on both sides equally without causing further conflict due to being “unfair” when providing humanitarian aid? Write a proposal with reference to the OHR peacekeeping intervention in Bosnia and Herzegovina and the humanitarian activities of the JICA in Srebrenica.
- 7 Background: Western-style liberal peace building approaches have been frequently introduced since the beginning of the 21st century. This type of approach often involves the implementation of a standard package that includes several stages such as bringing about the collapse of undemocratic regimes, setting up internationally-supported interim governments, electing a constituent assembly, drafting a national constitution, holding parliamentary elections, and establishing a new government based on election results. However, such approaches to building peace based on the notion of ‘democratization’ have often failed. Bearing this in mind, what kinds of challenges have liberal peace building approaches failed to deal with? What form of peace building model will be required in the future?

International Organizations' was held on 22 July 2016. During the class, Prof Nishikawa Yukiko from Nagoya University provided her views on peace building in general by introducing key terms and providing the fundamentals of peace building and the role, challenges and lessons learnt by the UN in their peace building activities.

Beside the supporting classes, the students were also given the chance of visiting the local offices of the host organizations in Tokyo and meeting representatives from the organizations in order to deepen their understanding of the questions.

The second stage was the field visits and day-long "intensive internship" programs outside of Japan which lasted from 3 to 12 September 2016. During this overseas part of the GCDP, after gaining first-hand knowledge from visits to museums and other sites in Austria and Germany, and on the way to the final two locations of Bosnia and Belgrade, the students were assigned to their chosen institutions such as JICA, OHR (Office of the High Representative) in Bosnia and Serbia for field visits and internships.

The third stage was the student presentations which were held in Belgrade on the 13 and 14 September. After visiting the organizations and finishing their 'intensive' internships, students presented their proposals to an audience from the host organizations in Belgrade.

The final stage was the writing and publishing of the reports on their proposals. During this conclusion to the program, participants from the three groups (private sector, international organizations, and academia), were also required to submit reports or papers on their findings regarding the questions they had previously been given. The relevant international organizations and companies were asked to submit their reports to the GRM journal, and these were then summarized within the 'Evaluation' chapter of the *Global Resource Management* report. Candidates pursuing an academic career are required to instead submit their papers to the proceedings of a workshop held by Doshisha University at IIPE. However, the proceedings, which are to be published by the end of the 2016 fiscal year, will not only include papers from the students, but also workshop papers.

### **3. Evaluation**

Based on the students' reports, and the testimonials of the hosting organizations, it can be said that the aims of the program have mainly been achieved.

It seems that the majority of the participants have been able to at least clarify their future career paths, thanks to the guidance provided on the program by both the GRM instructors and the staff of the hosting organizations. One student, who only had a vague idea of her career before the program, said that if she were given the chance, she would definitely work for the organization where she did her internship after graduation. This was not only because the hosting organization encouraged her to apply for a job with

them in the future, but she was also very comfortable with the environment.

Another success of the program was that almost all of the students stated that they are now more adept in the transferable skills that are often required when applying for a job in the international workplace. Some of the skills that most students said that they had been able to develop include communication skills, leadership, team work, multicultural understanding, and so forth.

In addition, the reports of some students indicate that they feel that their initial personal deficiency in some skills, including inadequate foreign language ability and poor team work skills, have improved during the program. This can be considered as a major achievement by the program, as one of its aims in “providing opportunities for field practice and the application of GRM education” was for the students to gain ‘resource management’ skills by becoming aware of how they were mutually supporting each other. This is implicit in the name of the program: ‘Global Resource Management’, in that the program allows a greater awareness of resources management in order to solve problems.

Last but not least, there were suggested improvements for the program, such as using time more effectively and reserving more time for internships etc. As far as possible, these requests will be considered for implementation in future programs.

**The Global Career Development Program  
Private Company Group  
– The Mitsubishi Belgrade Liaison Office –**

Carada, Miriam Caryl



The task of the group was to provide an answer to a problem that was set by the Mitsubishi Belgrade Liaison Office (BEG). The problem was how to attract the attention of the Tokyo Main Office (TOK), given that TOK is currently focused on the Asian region due to its growing population and large market.

The BEG office serves as the representative office of Mitsubishi Corporation in the Balkan region. Its mission is to investigate the market, initiate business, connect local companies' to the global company, and support the German and UK Mitsubishi offices. It must be said that as the Balkan region has a small market, it is not a current priority of Mitsubishi Corporation, and the situation is likely to remain unchanged until at least the 2020s. There is therefore no easy way to attract the attention of the TOK office. However, BEG's current projects would allow Mitsubishi to expand their market hold and increase brand recognition. That said, if we consider the characteristics of the Balkan countries given in the figure below, it might be risky to currently make investments in Bosnia/Serbia and Montenegro. However, there seems to be no problem in investing in other countries. Although risky to invest at the moment, Serbia's status is expected to improve as it is in the process of joining the EU.

### COUNTRY OVERVIEW

|  | Bosnia    | Croatia   | Macedonia | Montenegro | Serbia    | Slovenia  |
|--|-----------|-----------|-----------|------------|-----------|-----------|
| Population<br>(July 2015 estimate)             | 3,867,055 | 4,464,844 | 2,096,02  | 647,073    | 7,176,794 | 2,069,362 |
| GDP/capita<br>(2015 estimate)                  | \$10,500  | \$21,600  | \$14,000  | \$16,100   | \$13,700  | \$31,129  |
| Economic growth rate<br>(2015 estimate)        | 2.80%     | 1.6%      | 3.70%     | 4.10%      | 2.0%      | 2.7%      |
| Unemployment Rate<br>(2015 estimate)           | 43.90%    | 19.30%    | 26.90%    | 18.50%     | 19.30%    | 9%        |
| Ease of Doing business<br>(1-189)              | 79        | 40        | 12        | 46         | 59        | 29        |
| Ease of starting a<br>business (1-189)         | 175       | 83        | 2         | 59         | 65        | 18        |
| Country Risk Assessment                        | D         | B         | C         | C          | C         | A3        |
| Business Climate<br>Assessment                 | C         | A3        | B         | C          | C         | A2        |
| Ease of trading across<br>borders (1-189)      | 28        | 1         | 26        | 42         | 23        | 1         |
| Political Stability<br>(-2.5 weak, 2.5 strong) | -0.06     | 0.60      | 0.25      | 0.24       | 0.18      | 0.79      |

Sources: [http://www.theglobeconomy.com/rankings/wb\\_political\\_stability/](http://www.theglobeconomy.com/rankings/wb_political_stability/) <http://www.doingbusiness.org/rankings>  
<http://www.data.worldbank.org>

The group discussed four points in order to answer BEG's question:

- 1) There is an existing yen loan credit project that has been approved by TOK. Although this is not an actual investment opportunity, if the BEG office produces good results then TOK may pay more attention to them.
- 2) There is an on-going investment for an innovative technology from the BEG office that has been approved by TOK. Once completed, this would provide a real boost for the BEG office.
- 3) There is the possibility of using the Serbian connection with Russia to establish an MC->Serbia->Russia partnership.
- 4) The office should continue to expand market reach via its trading and distribution businesses.

The first and second points are already on-going, while the third could be a new area to be explored by BEG. The fourth, however, is a long term project.

The presence of the BEG office may not be particularly well recognized by TOK, but the office is quite well recognized within the Europe and Africa region, especially by the German and the UK offices. Expanding their market in the Balkan region and working with the larger offices in the Europe and African region should eventually lead the BEG office to gain better recognition by TOK, but as mentioned above, this is not something that can be achieved via the short term application of a single initiative.

**Miriam Caryl Carada**  
 Graduate School of Global Studies  
 September 20, 2016

Word count of content: 451 words

**Career Vision:  
Revelations from the Global Career Development Program  
September 20, 2016**

Miriam Caryl Carada  
Graduate School of Global Studies

The trip that we have undertaken was centered on career development for GRM students such as myself, and gave us a peek of different career options from academia, international organizations, and the corporate jungle. During the trip, I was able to get to know myself better and learn more about my colleagues. The program enabled me to recognize some of my strengths, such as communication and leadership skills. I was fortunate that my mentor at the Mitsubishi Belgrade Liaison office allowed me to accompany him to a meeting with one of their toughest clients. During the meeting, I was able to interact with the client, and afterwards I reported to my mentor my observations and interpretations of the position of the client. According to my mentor, I was able to analyze the clients' sentiments precisely. My mentor was so happy that he even told the general manager about the meeting. I also enjoyed working with my group, and think that they would agree that I somewhat took on the role of the leader. This was particularly true during the times when we were rather in a pinch and I took the lead to help organize our thoughts, thus enabling us to work more efficiently and achieve better results due to my encouragement and belief in my team. I cannot think of anything that I lacked that could have helped me during the course of the program, as I felt completely comfortable within the environment, particularly in regards to the set-up of the company.

In all honesty, if I had been given a chance to work in any one of the organizations that we have visited, I would have picked the Mitsubishi Belgrade Liaison office. This is not only because they suggested that I apply to work for them in the future (which I will really consider), but also because I felt so comfortable within the environment. The office is comprised of a small number of extremely talented people, and there is a good sense of camaraderie. The work conducted in the office is both very interesting and challenging. I'm sure that it's an environment where I would never be bored and it would allow extensive self-development as I wouldn't be tied to the office and would be able to interact with many different people, groups and companies. It is also a place where innovation is welcome and personnel growth is encouraged. I also have the impression that the staff in the office have a good work life balance.



## **GCDP Report**

Ai Kotera

QE, Global Resource Management Program

PhD student, School of Global Studies

September 30, 2016

### **1. Career Vision**

- (1) I have strong personal communication skills. More specifically, I am able to naturally communicate with the person themselves, rather than in terms of their position. While I understand that there are both advantages and disadvantages of this, it has at least worked out during my conversations with my mentor and another local intern, as I was able to get great tips on the attitude to adopt when striking a balance between work and family life with small kids. This later helped me to be more open to various job options.
- (2) I would like to emphasize two of my personal qualities. Firstly, as I am a very precise speaker, I am not very good at improvising immediate responses. I therefore find that I don't have relevant questions and comments until one hour after everything has finished. This deficiency was revealed at The Office of the High Representative (OHR) and during the JICA fieldtrip. Secondly, I find that I am more inclined to individuality rather than to collectivity, so I noticed I tend to hesitate when making proposals for the group. I therefore enjoyed Marwa's leadership during one enjoyable evening in Sarajevo very much, and she inspired me to become a person who is able to listen to the wishes of the group, determine the best plan, and clearly present it.
- (3) I think I am most attracted to jobs relating to OHR projects. This does not mean that I am actually thinking of working for OHR, due to the regional nature of the institution, but I did like its international atmosphere and the bureaucratic side of their work. I prefer to work in offices, so it is not necessary for me to go into the field as development workers have to do. Realistically speaking, I can imagine myself working in a Japanese embassy. As I have many friends who work as diplomats, one of whom I met during the trip, I can say that I generally share similar values of life with diplomats and feel comfortable in their presence, as I value the people I work with, rather than factors such as fame, payment, job description. That said, I plan to stay in academia, and have begun to consider what type of academic job would be right for me, especially after visiting IIPC. I feel that perhaps I would

prefer working as a professor in education, research, and administration, to a pure research job.

## **2. Proposed Summary to the Question Assigned by Mitsubishi Corporation**

During my contribution to the group presentation, I proposed the possibility of making use of the international network that Mitsubishi Corporation (MC) has developed around the world to attract greater attention by Tokyo headquarters to the Belgrade liaison office. MC experienced a remarkable fall in profits due to the sudden decline in the prices of natural resources, which had for years contributed to sustaining MC's prominent status among Japanese trading houses. The business management of MC is now at the phase of revising and relaunching its goals in order to overcome this setback. This is being done under the leadership of a new president who was officially assigned in June this year. According to the 2015-2018 midterm strategic report, MC will systematically revise its current investments. Over the next three years, they are planning to allow a decrease in or maintaining the amount of profit gained from natural resources, while increasing that obtained from consumer products. Furthermore, MC will concentrate more on profitable areas and regions, especially focusing on Asian business opportunities.

Clearly there will not be able to instantly solve this problem. However, we can assume that propositions which deal with larger investments and require lower assessment costs might be considered "easier" in the eyes of Tokyo headquarters. We suggest that the energy business in Balkan region would be one such business proposal. One of the most famous businesses that MC has operated for decades is the extraction of oil and natural gas in Sakhalin in cooperation with Gazprom, a semi-national Russian corporation which also provides energy in Ex-Yugoslavian states through its subsidiary. Geopolitically, the Balkan region is influenced by Russia and Europe. While the European influence is more visible, as can be seen in the discussion of EU accession, there is strong support for Russian policy on the part of Serbian elites and society. This is because traditional pro-Russian attitudes have been strengthened as a result of a series of Russia-inspired, wide-ranging soft power initiatives. These have proved so successful that a large part of society has begun to believe that Russia's interests are consistent with Serbia's.

We therefore propose a business model based on a Russia-MC-Serbia partnership. As such a proposal is a form of extension of the existing partnership, Tokyo headquarters would be less hesitant on spending time, energy and human resources on accessing it. The strength of this idea is that it builds upon the valuable quality of MC: the cultivation of long held traditions and the development of a worldwide network through sincere business attitudes.

## **GCDP2016 Report**

### **～ Global Career Camp Findings ～**

Masao Nakagawa

Submission date: 9/26 /2016

Student ID: 4G161504

I would first like to express my sincere appreciation to Professor Tsukimura, Professor Idris, Professor Iwasaka, Professor Ueda, GRM staff and my wonderful colleagues for this great experience and amazing opportunity. While this trip related to “Peacebuilding” after conflict in Ex-Yu countries, which is a different area and major from my own, the experience and knowledge I gained from the journey have proven invaluable. I have to admit that I had negative images of the Balkan region before the journey began and was rather afraid of going, but I now admit that I was wrong. I have realized that the actual places are completely different from those described in the articles I had read. It is certainly a wonderful region where many different cultures co-exist. Throughout my entire journey, I kept wishing that I had studied the historical background of the Balkan region as it could have helped me a lot in my exploration and understanding of all kinds of discoveries.

It was a great honor for me to learn that Japan had supported the region in public transportation (i.e. buses) and via several other JICA projects. Although the projects seem very worthy, they struck me as lacking a concrete overall vision; and the methods of implementation did not always seem to be in harmony with the local culture. Please excuse me for being so frank, but I did not find the working environment in an international organization appealing. No matter how smart the members of staff are, it seemed that their work cannot be very effective as they do not have enough information and they seem to be rather isolated in their work. All of this made me lose interest in working for an international organization. I was also very discouraged that the people I met in the organization appeared to be indifferent to me when I introduced my major – mechanical engineering, while they continued to listen to other members. Furthermore, I found the discussions and Q&A sessions with staff from International Organizations to be quite boring because I felt that their way of thinking was rather illogical. Certainly, my lack of knowledge might be one of the reasons for me reaching this conclusion, but they did not provide answers in terms of MECE. That confused me even more, and did seem to suggest that their projects might be rather inefficient.

However, my experience during my one-day office visit was that the Mitsubishi people were really bright and that they helped and inspired each other. I was also

impressed by their logic. While the people from the international organizations did not admit it when they did not know something, Mitsubishi people willingly did and asked others for help. During the office visit, we took part in a weekly meeting, and attended several presentations about what Belgrade liaison office were doing and other related matters. The members of our group were also able to have individual discussions with each mentor for nearly four hours. In my case, it was similar to an interview with a potential job-seeker. The discussion was very well-planned, and so I could quickly grasp the concepts. To be honest, that type of business interview was new to me, but I found out that it followed the same logic as the content of the training on my PhD course. The discussion was a great opportunity for me to check my own abilities, as well as to improve my knowledge and skills. My mentor, Mr. Dejan, and I discussed matters relating to my questions about the basic problems they were facing. We identified the essential idea which had to be kept in mind throughout the group work: In order to make a precise analysis and proper proposal, it is very important to have a clear problem statement and succinct, realistic objectives. Based on our findings, we also could conclude that the liaison office considered headquarters as being their customer, and so prepared as many preparatory projects as possible in order to respond to customer needs in a timely and responsive manner.

Furthermore, I was very glad to have been able to be a team harmonizer in this experience. I had often been group leader who decided on the directions that should be taken, but this time, I could contribute to my team in the role of a supporter. In doing this, I discussed the issues with my mentor, confirmed their situation and what they wanted us to do. I then provided the information to my team members, helped to maximize their potential and develop their ideas. Although I was not satisfied with our presentation due to there being insufficient time for group discussion, having to complete our work in such a short time acted as a confidence building course. I was really happy that the members of staff at Mitsubishi were satisfied with our work. Through my experience, I can say without hesitation that the ideal work environment for graduates is the competitive business environment of Mitsubishi or another business consulting firm with a similar level of motivation and inspiration. Since the most competitive businesses will be the ones that fully utilize technology, I will try my best to work in such an environment as it will allow me to enhance my knowledge and skills as well as stay fully motivated. This will hopefully ensure that I will be able to contribute to the world through my work with such wonderful colleagues.

## **The Role of International Organizations in War-affected Countries —The Case of JICA’s Interventions in Bosnia and Herzegovina—**

Tasuku OHASHI

Student ID: 4I161202

Doshisha University Graduate School of Global Studies  
Advanced Doctoral Program in Global Resource Management (GRM)

Report on the GRM Global Career Development Program (GCDP)

30 September, 2016

### **I. Career Vision**

#### **(1) Individual skills which were utilized during the program**

By utilizing my socio-psychological research experience, I was able to contribute by posing several important questions to aid workers (e.g. JICA and municipal officers in Srebrenica), and recipients of each of the aid/development projects we encountered during the program. For example, in Srebrenica, I asked two municipal officers what kinds of situations, and how often, people from different entities and ethnicities communicate with each other in daily life situations during the confidence building projects conducted by several international organizations after the war. The answer I was given was that among the different ethnicities, people are still traumatized and thus continue to make distinctions between each other, meaning that communication opportunities are very limited. My conversation therefore allowed us to understand the real situation that exists in war-affected areas, and how difficult confidence building is. We also learned from my questions that trauma and fewer opportunities for communication are now having an influence on local historical education.

#### **(2) Abilities which were developed by the program**

The program gave us many opportunities to introduce ourselves to distinguished guest speakers and lecturers (e.g. diplomats, business workers, researchers and NGO officers). Before I attended this program, I was not very good at introducing my own background and research interests. However, the trip allowed me to gradually become more able to introduce myself efficiently. When I met Japanese diplomats in Sarajevo, I was able to outline my research outline well, and thus gain the opportunity to fruitfully discuss BiH issues in depth.

#### **(3) Organizations which I would like to work for**

Based on our trip to the Balkan region, now I understand that the activities of some

international organizations (such as JICA) are highly influenced by their national government's policy. It seemed difficult to attain flexibility and work freely within each international organization due to the complex political backgrounds and conflicts of each stakeholder. Therefore, if I were given the chance to work for one of organizations which we visited, then I would choose to work for Mitsubishi Corporation. From listening to the experiences several students had while working in Mitsubishi, I concluded that Mitsubishi's business is sustainable and directly connects to local communities, while contributing to the benefit of society at large. This is closely aligned with my own desires.

## **II. Summary of my proposal to the question assigned during group work**

The task we were assigned was to decide how to achieve an equality based approach of international organizations' interventions in post-war countries. Our group's objectives were (1) to understand JICA's approach to peace building projects in relation to reconciliation within a divided context (2) to understand the strengths and shortcomings of JICA's peace building as a third party intervener in BiH. In order to create a proposal, we visited a bee-keeping and a vegetable farm, which were part of JICA confidence building and rural development project in Srebrenica. The trip led us to several important findings. First, there are persistent avoidance and distrust among different ethnic members. In addition, hopelessness is deeply rooted in local political structure. Secondly, in several cases, benefits gained by the project tend to only reach mono-ethnic groups (i.e. there is mono-ethnic rather than multiethnic implementation). Thirdly, it seemed important to build an aid system which consists of and is integrated by a bottom-up/people-centered process and a government to government (G2G) approach. Fourthly, good governance (to protect accountability and transparency) is a serious issue in local government units in Srebrenica. Fifth, because of the future withdrawal of JICA from Srebrenica and the decrease in the numbers of the young generation of the area, there are issues in regard to the sustainability and potential future of the project. Sixth, it seemed that the best way to proceed was to try and solve difficulties in the bureaucratic structure of donors to build a more efficient information system and increase the flexibility for each officer. Seventh, mutual empowerment is required, not only within the recipient community, but also for local government units and international donors.

As a recommendation to achieve an equality based approach for intervention in post-war countries, I have six suggestions. First, intra and intergroup confidence building is required in BiH. Second, good governance should be facilitated through a horizontal decision making process at all levels. Third, through an improved election system, the issue of how citizens participate with G2G should be considered in politics.

Fourth, the empowerment of community based development mechanisms (e.g. promoting civil society organizations) should be promoted to protect the accountability and transparency of each aid/development project. Fifth, each donor and assistance agency should discern between the societal complexity of micro and macro levels for holistic remedies. Sixth, common history and peace building education should be discussed and built by every stakeholder. While it is a difficult task to protect equality in aid projects, these suggested points are a meaningful way to achieve it in any war-affected country.



## GCDP Report

Sabur, Ekraj

Deadline: End of September 2016

Length: 800 words in total

Should be comprised of two parts

Language: English

### **1) Career vision (400 words)**

The following questions should be answered:

(1) Which of your skills were better compared to those of others on the program? Explain why you think so, giving an example of a concrete occasion or action.

**The ability to investigate** is one of the stronger qualities I have which I have been able to further improve during the program. During my interaction with the local officers and beneficiaries in the field in Srebrenica and other locations visited, several questions naturally sprung to mind thanks to the library research and the pre-program session where we had the chance to discuss issues with the JICA officer in Tokyo. These questions allowed me to gain a deeper understanding of the complex problems involved in programs carried out in the field, including challenges in the implementation of measures on the ground that are encountered by both field staff and beneficiaries, as well as the difficulties experienced by JICA's officers in Balkan headquarters in Belgrade and their uneasy relationship with bureaucrats and policy makers in Tokyo. **These analytical skills** were necessary in connecting the varied pieces of information gathered. This awareness enabled me to comprehend complicated situations, as well as the mindsets of key stakeholders in the conflict. It was not easy to understand the whole situation within such a short period of time; therefore certain other skills are also required to acquire the holistic picture. **An ability to listen carefully** is one of the key qualities necessary for peace workers. Aside from the basic information obtained verbally, I was also able to compare what I learned within the context of the post war situation, and that pain and trauma remains fresh in the mind of the local populace. These factors determine the way ideas are expressed and mean that words cannot always be taken literally. It is for this reason that my **ability to read facial expressions and physical gestures** was important, because by doing so, I could sense the emotions behind the words and could determine the intentions of each stakeholder. Applying all of these skills in combination enable an appreciation of the micro-macro, personal, inter personal, structural and cultural dimensions of the situation.

(2) Which ability or abilities would have allowed you to benefit from the program more? Explain your opinion by giving the example of a specific occasion.

Although I believe that I have good presentation skills, I am aware of my shortcomings, such as the speed of my oral presentation possibly hindering the ability of an audience to understand. This comes from a fear that all the information I want to give might not be delivered within the allotted time, and this is the area that I am constantly striving to improve. Another possible hindrance is my deficient IT skills which meant that most of the time I was reliant on my teammate, Ohashi san, to create images on Power Point slides. Had I been more able, I might have been able to better assist him in the preparation of our presentation.

(3) If you were given the chance of working for one of the organizations that you visited during the program, which one you would want to work for? Explain why

I'm most interested in working with OHR as it is the key entity governing Bosnia and Herzegovina, and the one with the most influence over the Bosnian government. While recognizing the need of OHR's presence, it is undeniable that the situation of political deadlock is caused by the legacy of international roles and extreme intervention. It is therefore important to create a supportive environment where locals can gain ownership and genuine rights to make their own decisions in a collective manner. This must be done in a way that would not jeopardize national integrity, and which emphasizes the role of the international community as a supporter rather than the body that is exercising power. In short, change within the entity is required and it is only through working with the OHR that change is possible.

**2) Summary of your proposal to the question assigned to your group (400 words)**

Based on our findings in the field, we witnessed several contradictions between the policy paper and the implementation on the ground. It is obvious that JICA has established good cooperation with Serbs, and hence the only beneficiaries we met were Serbs, which didn't reflect the equality based policies of JICA. JICA also claimed that their projects engaged all ethnic groups, but none of the projects we visited, except play room, contained elements of inter-ethnic cooperation. It can, of course, be problematic to foster trust, but even if efforts fail, projects should not deviate from the original intention of fostering ties and destroying prejudices among the ethno religious communities. Our conversations with the local Serbs reflected profound hard feelings that they have towards other ethnic groups, and this reminds us of the necessity to increase our efforts. Our proposal on the question of equity and harmony would be to start with an intra

group program which would help build confidence within each ethnic community, thus helping them comprehend the problems they face and recognize the need to work with others to go beyond their images of the enemy and transform the inaccurate beliefs which may currently disempower them. After each entity is ready to cooperate, interethnic programs will become powerful tools to help each group discover the hidden prejudices they may have about other groups, and foster cooperation and reconstruction, as well as the deconstruction of inner prejudices. Dialogue which deals with difficult and sensitive issues, such as memory and history, is absolutely necessary. This is not to convert others, but to foster understanding and empathy so that all groups become able to live amidst diversity. It is only through the recognition of truth that the apologies can be given which initiate the foundation of true reconciliation. If this does not occur, then there is likely to be reeruption of violence fueled by such prejudiced memories. Dialogue also helps all parties reassemble the pieces of the jigsaw required to enable mutual understanding of the societal challenges. This needs to occur so that members can strategize their actions and mutually cooperate to solve the underlying causes of problems. There is also a need to develop public infrastructure and organization for parties to become unified, organized and attain the self reliance of addressing their problems in a sustainable way by utilizing existing resources within the community, and working as equal partners with other agencies, including international organizations and local government. Doing so will also enhance good governance, which is characterized by mutual participation, transparency and accountability.



## GCDP Report

CHEN Yan (GS, D1)

*My career vision:*

1. Most GRM members demonstrated their outstanding communication and presentation skills during this program, and this provided a great opportunity for us to learn from each other. I personally think the ability to take the initiative is the characteristic that distinguishes me from the group.

On the day we arrived in Vienna, the bus driver did not show up at the airport so we had to wait for someone to pick us up. The professors tried very hard to find out what had happened for about one and a half hours, while students waited and chatted. During this time, I kept myself up to date on any developments with the professors, checked several times with some of my colleagues to make sure that the driver was not in the hall, and we even tried to ask the information desk to make an announcement to help us find the driver.

It was a little thing indeed, but it reflected an important way of thinking. When acting as a team, each of us, no matter if we were professors, organizers or participants, have the responsibility to engage in the unexpected problems that we encountered. It doesn't mean that we should all act on our own initiatives and move in different directions; instead, we collect all the alternatives so we could make the best decision.

2. I need to improve my English.

My inadequate English speaking and writing skills have been a weakness for me for a long time. Since I am not very good at this language, I cannot always completely understand what other people say, or express myself 100% correctly. As there are misunderstandings during both the input and output stages, communication is not usually very efficient, and I cannot debate with people as I would wish. However, I have been working on this problem by taking classes and doing the language exchange, so hopefully, I will improve my language skill gradually.

3. I would like to join JICA if possible.

By talking to the JICA local staff in Srebrenica, I got to know what it is like to work in the field as a member of staff in organizations such as JICA. Instead of

doing paperwork in the office far away from the field, it would suit me better if I could live within the field and liaise daily with local people. Under such conditions, I would be more energetic and creative, as I would use my natural initiative to change conditions if they are not satisfactory. Working with the recipients themselves is preferable for me because I like to see that my work has improved other people's lives.

*The research topic assigned to the academic group is to try to find a new model to replace the current 'Liberal' model in the peace building process. My proposals are as follows:*

1. There is no ideal model that would fit all of the peace building processes in different countries & regions. A simplified peacebuilding planning process could be summarized as follows: the first task is to find out what people in the post-conflict countries & regions need in terms of peace building, and the second is to find solutions according to the results of the first step. I believe this is what UN peacebuilding missions were meant to do, but it seems that they are sometimes guilty of applying the 'Liberal' model too slavishly. The merit of applying this model is obvious: most of the contents could be quantified thus it's easier to assess and compare. And to some extent, the values and the efficiency it might have could meet the expectancy of main donors and the public. However, the implementation of the model itself shouldn't become the purpose other than the method; that is a trap to all the result oriented, quantitatively examined processes. On the other hand, peacebuilding is a gradual process, it takes the time to heal the pain in the heart and alleviate the hostility towards each other.
2. The importance of economic recovery and development need to be recognized by the leaders of post-conflict countries & regions. In the process of pursuing external political independence and internal social stability, economic independence and prosperity are indispensable. Economic depression is directly connected to unemployment, poverty and social unrest, which could easily trigger or rekindle the conflict. Pressure and unrest may come from international and domestic society, but in terms of improving the welfare of all the citizens, economic development is essential. In the long run, redistribution of wealth and resources is another way to diminish the social problems which lead to conflict.
3. For civil societies and individuals which are working to build peace, education might be the best way to build a long-lasting peace. According to what we learned in the

Balkans, hatred among different ethnic groups is escalating in the younger generation rather than in the older ones, which implies that education to create peace in this area is not very successful. Emphasizing the differences between races or religions does not help peace education. Peace builders, especially peace educators, must have an insight into peace itself in order to understand the essence of wars and human beings, along with knowledge of international contexts and cultural diversity. The people in the post-conflict countries & regions is going to play the leading role of peace building in the future, that's why it's important for them to learn about peace.



## **GCDP Report**

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### **Part 1**

#### **1. Communication Skills**

I believe that my communication skills are better than those of the other participants on the program. I don't mean that my ability in English is better than the others; it's rather that I speak more because I really enjoy talking with people from different backgrounds. For example, during the trip I had long conversations with Mr. Jankovic from the Ministry of Foreign Affairs of Serbia, professors from Belgrade University and researchers from IIPE. I also made many friends from Austria, Switzerland, Serbia and Bosnia.

#### **2. Multicultural Understanding**

Multicultural understanding in this context means understanding amongst my GRM friends who come from different countries such as the Philippines, Thailand, Lebanon, Japan, South Korea and China, as well as international organizations, governments and corporations. For example, along with some of the GRM students: Ek from Thailand, Marwa from Lebanon and Koki from Japan, we independently arranged a visit to the house of the leader of the Islamic Relief Worldwide in Sarajevo. Through this visit, I realized the importance of understanding different cultural backgrounds.

#### **3. University of Belgrade**

If I were given the chance of working for one of the organizations that we visited during the program, I would like to work at the University of Belgrade. There are several reasons for this. Firstly, I enjoy studying and sharing knowledge with others in a university environment. Secondly, I think that academic exchanges, such as the meeting that took place between Belgrade University and Doshisha University, are fantastic. Thirdly, I would be able to make the best use of my communication skills at Belgrade University to promote further academic exchanges with universities in Japan, China and other countries.

### **Part 2**

#### **My proposed answer to the question assigned to my group**

Our group's question was what kind of peace building model will be required in the

future, and my proposed answer is to develop community-based pro-poor tourism. As poverty reduction is an important issue in peace building, I would like to propose an approach based on tourism to solve this problem.

According to UNWTO, an ever-increasing number of destinations worldwide have opened up to and invested in tourism, turning it into a key driver of socio-economic progress through the creation of jobs and enterprises, export revenues, and infrastructure development. Over the past six decades, tourism has experienced continued expansion and diversification, and has now become one of the largest and fastest-growing economic sectors in the world. This has meant that many new destinations have emerged in addition to the traditional favorites of Europe and North America.

Despite occasional setbacks, tourism has shown virtually uninterrupted growth. International tourist arrivals have increased from 25 million globally in 1950, to 278 million in 1980, 527 million in 1995, and 1133 million in 2014. Likewise, income earned by international tourism destinations worldwide have surged from US\$ 2 billion in 1950 to US\$ 104 billion in 1980, US\$ 415 billion in 1995 and US\$ 1245 billion in 2014.

Moreover, international tourist arrivals worldwide are expected to increase by 3.3% a year between 2010 and 2030, to reach 1.8 billion by 2030, according to UNWTO's long term forecast *Tourism Towards 2030*. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year). The market share of emerging economies increased from 30% in 1980 to 45% in 2014, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.

The definition of pro-poor tourism is a form of tourism that increases economic benefits, enhances the impacts on non-financial livelihoods and enhances participation or partnership for the poor. But the definition of the poor in the field of pro-poor tourism is not clear. There are many definitions of poverty, but in my proposal, I use the definition of being at the "base of the pyramid", which means people whose annual income is below 3000 dollars (2002 PPP). Moreover, the research I conducted in my previous studies in China from the perspective of business management is insufficient.

The fieldwork I conducted was in two tourism areas in Shandong Province, China in March, May and August. My aim was to explore the Chinese experience of pro-poor tourism. The two tourist areas I studied are different from each other. One is called Erlong Mountain, and is owned locally, while the other one, Zhuquan Village, is not. The Erlong Mountain Tourism Corporation has been created by local people as a community-based organization, allowing locals to reap the benefits of the corporation. On the other hand, Zhuquan Village has been developed and is managed by a corporation outside of the community.

That said, Zhuquan Village Tourism Corporation is marketing the site very well,

especially in terms of online promotion. Both cases are part of a market-based approach within a liberal model. However, community-based tourism can lead to local people benefitting from the bottom-up. Economic development is an important part of peace building, as the tourism sector can create many business opportunities for local people, especially the poor. This is because local people can directly utilize their own houses as restaurants or hotels for tourists.

In conclusion, I believe that community-based pro-poor tourism is a good approach to reduce poverty and build peace. I found from the Chinese experience that community-based pro-poor tourism can allow local people to reap the benefits, and as long as local people work on developing their business know-how, economic sustainability can be achieved.



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