

## **Souvenir production in community-based tourism and poverty reduction in Thailand**

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### **ABSTRACT**

This paper shows the results from Suriya (2011) that tourism-induced activities especially souvenir production can distribute income to the poor and then reduce poverty in a village which operates community-based tourism. The reason is that souvenir production requires many unskillful labors. Then the poor can easily participate in the activities and gain the spillover effect. In contrast, core tourism activities which are homestay, trekking, cultural show, etc. cannot reduce poverty in the village because the incomes from these activities concentrate at the richer households who afford the investment. However, to support community-based tourism, the government cannot ignore supporting the richer households in the village because core tourism is the prerequisite for tourism-induced activities. Without core tourism, tourists will not come to buy souvenir in the village. Then the effect of souvenir production on poverty reduction will vanish. The paper also introduces the five factors of income distribution in community-based tourism and suggests the conditions to maintain the sustainability of community-based tourism.

*Keywords:* Community-based tourism, souvenir production, core tourism, tourism-induced activity, poverty reduction

*JEL Classification:* L83, O15, I32

## 1. Introduction

As Suriya (2011) examined the effect of community-based tourism (CBT) on poverty reduction in Mae Kam Pong village in Northern Thailand, this paper will repeat to show his results to open the discussion in details of the reasons why some kinds of tourism can distribute income to the poor while some cannot. Moreover, it aims to construct the principle of the delivery of merits from CBT to the poor which is called *five factors of income distribution in CBT village*. Last, it will suggest the conditions to maintain the sustainability of community-based tourism.

## 2. Results from Suriya (2011)

Suriya (2011) found that working hours in tourism-induced sectors in 2007 could boost up the income of the poor households and then pushed them to get out of poverty. He also showed that working hours in homestay and core tourism could not do the same. The results can be found in Table 6.4 and 6.8 in his original work.

In the first regression that he found that different types of tourism activities could help the poor differently, he used logit model to classify the poor in 2003 who could get out of poverty in 2007 and who could not. Then he regressed them with working hours in three types of tourism activities which are homestay, core tourism and tourism-induced activities. In the tourism-induced activities, souvenir production is the major one.

In the second regression to confirm that the poverty exit were because of the rising income and not from the dropping poverty line, he used IV regression, the regression with instrumental variable, to figure out the working hours in tourism-induced activities could raise income to households. The reasons why he used IV regression was to avoid the possible endogeneity problem occurred by the two-way relationship between the rising income and the working hours in tourism-induced activities.

## 3. Discussions

The poor has their reasons to be poor. People said that the poor are poor because they are lazy. We don't think so. Evidences seen in Mae Kam Pong village, we have seen some reasons for being poor which might be concerned as the *3D of being poor*.

- 1) Disability: Disable villagers cannot go to work hard in farm. Their income from farm cannot be compared with those normal people. However, with souvenir production, they need not to travel longer to the farm. Just come, sit and work at the village center where the souvenir production takes place. Then they can earn money. The details of Suriya (2011) which have not been shown anywhere else clearly stated that a disable villager who were poor before the start of souvenir production in the village, turned to be non-poor after joining the production group.

- 2) Deceases: Villagers who suffers from deceases cannot work hard. Someone suffer from spinal cord damage. The deceases prevent them to travel long distance to the farm on the mountain. Without souvenir production, they just sit hopelessly at home. The same source of hidden evidence from Suriya (2011) also revealed that a household with members who suffer from spinal cord damage were poor in 2003 but got to be the third richest household in 2007 because of the serious participation in souvenir production after 2006.
- 3) Degraded capability: Apart of disabilities or suffering from deceases, villagers may suffer from degrading capability to work in farm. When people are getting older, their physical conditions are not as good as they are young. Their productivities are getting lower for the farm duties. Then souvenir production is a choice for them to find supplementary income. The untold stories from Suriya (2011) could show that many old people both from poor and near-poor households joined the souvenir production group and gained substantial income to add to the households' income pool.



**Figure 1:** Souvenir production in Mae Kam Pong village. Villagers put dried tea leaves inside pillows and sell to tourists. The aroma from dried tea leaves makes people feel relaxed. The production is much lighter than works in farm. Therefore, the activity absorbs villagers with disability, suffering from deceases and degraded capability to join and allows them to earn supplementary income for their households.

#### **4. Five factors of income distribution in CBT village**

Income from souvenir production distributes to the poorer quintiles in Mae Kam Pong village with five reasons as follows:

- 1) Labor skill: It is easy for the poor to come to join souvenir production because the production requires low skills of labor.
- 2) Openness: The production group opens to all villagers to join.
- 3) Switching cost: Villagers can join the production group at any time. They can switch their sources of income from farm and souvenir production with small switching cost.
- 4) Market size: The souvenir market at the village is large enough to generate income for the compensation of the foregone agricultural income.
- 5) Innovation: The souvenir production group launches new designs of their product from time to time.

#### **5. Sustainability of community-based tourism**

For the concept of sustainable CBT development, a community-based tourism will sustain its good income distribution to the poor as long as the village maintains these following conditions.

- 1) Openness of membership: The village is to ensure that all villagers can participate in tourism-induced sector without any barriers to entry.
- 2) Innovation: The village must find its way to create new products and launch to the market continuously.
- 3) Sustainable core tourism: Core tourism is a pre-requisite of tourism induced sector. Therefore, the sustainability of the sector depends on the sustainability of core tourism activities.

When a CBT village matches these conditions of sustainability, then it can be expected that the village would sustain its CBT development.

#### **REFERENCES**

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