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What matters in the regional competitiveness of the tourism in China? A case study of Yunnan & Zhejiang Provinces based on Porter's diamond model

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Abstract: This research presents a case study of the tourism development in China in Yunnan & Zhejiang Provinces. Yunnan is a typical western under-developed province famous for the minorities' culture and tourism resources, especially natural subtropical and tropical landscape. While Zhejiang is a well-developed province with less tourism resources but popular tourism destination along the east coast China. The study was conducted using the Porter's diamond model and the author classified the important activities in the tourism industry into four determinants and two factors according to the diamond model.

While it is envisaged that Yunnan has much more tourism resources as a natural advantage, the author found here the regional economic development imbalance between the western province (Yunnan) and the eastern province (Zhejiang) pose a negative influence on the further development of the tourism industry in Yunnan compared to Zhejiang. However, the intervention from the central government may be proven to be important influence to reverse such imbalance in China, especially when the infrastructure are planned to be dramatically improved and preferences of the tourists are turning to unexplored landscape in the remote China.

Finally, the author highlighted there are some factors cannot be explained by Porter's diamond model, i.e. the dangers of over-expansion of the tourism in Yunnan, and suggested tourism planning and coordination with other industries is important from a long term perspective view.

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1. Introduction

Nowadays the tourism industry is widely recognized as a sunrise industry all over the world (Goeldner and Ritchie, 2006). Although it was hit hard by the world economic crisis, according to the WTTC, the tourism is still one of the world largest industries which accounts for more than 10% of the world GDP and employs 235 million people (World Travel & Tourism Council ; Crouch and Ritchie, 1999). As one of the most popular tourist destination countries, China experienced a rapid development period of tourism. From 2001 to 2008, the tourism revenue rose from 499.5 billion Yuan to 1160 billion Yuan, approximately up 132.23 % within 8 years (www.cnta.gov.cn). At the mean time, the number of person-trips of inbound tourists jumped from 89.01 million to 130 million during the same period. What's more, the domestic tourists reached to 1712 million person-trips in 2008 comparing to 784 million person-trips in 2001(www.cnta.gov.cn). According to the memorandum of understanding from the executive meeting of the State Council in the end of 2009, tourism is fostering to be a strategic pillar industry in China during the next years (http://news.xinhuanet.com). Rising to the national level, it is obviously that tourism is playing a more and more important role in the Chinese economy.

One of the most important socio-economic problems in China today is the unevenly economic growth among different regions, which exhibit a huge imbalance between the inland and coastal parts of China. This huge imbalance mainly resulted from the opening and reform policies that put much more emphasizes on the development of the coastal regions since 1978. Good institutions, large sum of financial funds, as well as rich labor resources all flow into the coastal regions, which stimulate the innovation and growth capacity of the whole region. As a result, more and more FDIs (Foreign Direct Investment) were attracted, different clusters were formed, which enhanced the regional competitiveness and development in the last 30 years. However, comparing to those coastal regions, the inland regions are still relatively poor. In 2000, West-China Development Drive was designed by the central government to develop the west regions (mostly inland) to reduce the regional inequality in economic development. Tourism was chosen as one of the key industries to develop in the west regions which contain the richest tourism resources in China, or say about 40% of that for the whole country. After ten years since the West-China Development Drive, a comparison of the tourism developments over the west and east China is certainly an interesting question.

Yunnan, known as "the most beautiful province of China", is such a typical west province with rich tourism resources. According to the statistics of the National Tourism Administration of China, Yunnan is the only west province in the top ten

regions of inbound tourism revenues in 2008, ranked NO.9 with 1007.55 million dollars (www.cnta.gov.cn). Tourism is recognized as the pillar industry in Yunnan which contributes a growing part of the provincial GDP (Allnu, 2010). However, Yunnan is still relatively poor comparing to the coastal regions. According to the statistics of Chinese Statistic Website, the GDP of Yunnan Province in 2008 is 570 billion Yuan, ranked the 23th in total 31 mainland provinces (www.tjcn.org). Zhejiang is a rich province along the coastal regions in China with much less tourism resources. According to the statistics of the National Tourism Administration of China, Zhejiang is ranked NO.5 with 3024.08 million dollars of the inbound tourism revenues in 2008 (www.cnta.gov.cn). According to the statistics of Chinese Statistic Website, the GDP of Zhejiang Province in 2008 is 2148.6 billion Yuan, ranked the 4th in total 31 mainland provinces (www.tjcn.org). Such a simple comparison of the statistics in tourism as above raises several interesting questions: Why the tourism revenue of Zhejiang is much higher than that of Yunnan, providing there are much more tourism resources in remote western provinces such as Yunnan? What factors matters in determining the regional competitiveness of the tourism in China? As the typical provinces in the west and east, a comparison study of Yunnan & Zhejiang may explore a development model for the whole China in the future.

The thesis, therefore, is divided into 6 sections when exploring the research questions. The first section is the short introduction of the background on Chinese tourism development. It is then followed by the second section which is about the theoretical framework explaining the regional growth in tourism from both the traditional explanation and clusters perspective where the Porter's diamond model will be introduced. Besides, a conceptual model of tourist industry will be formed which based on Porter's diamond model. The third section is called the data and methods where the methods and data are explained. After that, the comparison of Yunnan & Zhejiang Provinces will be introduced in the fourth section, and related analysis will focus on the four determinants and two factors in the conceptual model of the tourism industry. The strengths and weaknesses of Yunnan & Zhejiang Provinces will be discussed in the fifth section as a result of the analysis of the fourth section. The last section is the conclusion which gives the concluding points of the research.

2. Theoretical Framework

2.1 Traditional explanations

The spatial pattern of the economic activity is directly related to the level of economic development among different regions. According to the classical economic theory, the tourism industry can only be well-developed in the regions with natural advantages. The natural advantages are defined as the multiple advantages a nation can achieve through a whole of society approach to the pursuit of sustainable genuine progress (Hargroves and Smith, 2005). Here in the analysis of the importance of the tourism for the regional development, it is assumed that the major natural advantage of a region in the tourism industry is the historical or natural travel resorts. And most of such resorts are historical heritage from hundreds of years ago, which put historical cities such as London, Paris, in unique positions as being the cultural and political centre of the pan-Europe region in the world tourism industry. This in-born feature of the tourism means, the tourism industry, by its own definition, provided a highly differentiated product in each unique location and only those locations with the natural resources or cultural heritages have the possibility to deliver specific tourism products. However, this theory can be questioned from two aspects at least. First, we still see many new tourism clusters developing around the world, especially in rural regions, even without well-established natural advantages. And these micro-clustering of tourism industry provided by rural regions do provided new tourism destinations over the last decades (Ewen J. 2006). Secondly, the developing of the tourism also heavily depends on the realization of the ecosystem services and sustainability development. In a regional scale, it means, the development of tourism industry is not only the inevitable consequences of the natural advantages, but also the intervention of the local residents, who demands not only the highly-developed tourism, but also the community values and lifestyles (Tavis 2007). More such similar studies mentioned above all point to another alternative to explain the role of the tourism in the regional development, that is, a cumulative view of the tourism for the regional development.

The cumulative theory, which emphasizes more on the positive feedback of higher incomes in the region, is emphasized because higher incomes bring increasing returns(Tversky and Kahneman, 1992). However, the authors argue that, such feedback are not always necessary in the analysis of the tourism industry, while the tourism itself can be defined as a manufacturing industry by its definition which provided bunch of components by a tour operator to produce "holidays". However, the tourism industry is not one industry indeed, a successful tourism come from a range of different production processes in the external industries, i.e. aviation industry, serving industry, and property industry (Ewen J. 2006). Firstly, the relationship between these

production processes and their roles in the regional development is complicated. Thereafter, a meta-analysis of the tourism in the context of the intra-industry networking is critical to get the overview to assess the role of tourism industry for the regional growth. Secondly, the cumulative theory neglects the importance of public-private partnership in the tourism. Infrastructure for tourism can be easily extended to the local residents, integrating the local residents and sharing growth opportunities have obvious benefits for not only the tourism but also the regional economy. Initiatives of the public-private partnership become prevalent in countries such as New Zealand, Canada recently (http://www.beehive.govt.nz/ ; http://www.p3canada.ca/). While it is agreed that many benefits of such partnership are for financial reasons, there are many external benefits such as the reputation of the region, delivering services, job creation, political concerns et al.

The importance of intra-industry networking and public-private partnership is still missing in these two theories mentioned above, which means researchers need further exploration on the role of tourism on the regional economic development. And one of such successful theories is the agglomeration economy(Ottaviano and Thisse 2004). All the agglomeration has a long tradition in the human and economic geography. The formal economy model of the agglomeration economy starts from Krugman, 1991. According to this theory, the capital and labours are attracted to the region due to the existence of proper firms which further increase the regional output and more benefits from concentrating output and housing in particular areas, such as reduction of the average cost of the production, which is called an agglomeration economy. There are three obvious benefits for being an agglomeration economy: (1) Good supply channels (2) Supply of trained workers (3) Good infrastructure (www.economicshelp.org).

The agglomeration economy here is not the same as the scale economy because the agglomeration economy emphasized the physical proximity of the firms in this region but not the scale of the production within the region. The agglomeration economy is certainly important in many aspects because it accelerated the urbanization evolution, however, in this method itself, it suffers from the lack of data on the detailed savings during the transactions within the economy by becoming an agglomeration economy because most of the exchanges in such economy are not in the market place, so imperfect competition is prevalent in such economy (Tellier 2009).

The agglomeration economy does not always work in certain industry and regions due to some of its disadvantages, i.e. congestion, pollution, other negative externalities, decrease the pricing power, shortage of labour and lack of flexibility among firms-

which is called "Diseconomies of scale" (Canback et al. 2006). While the agglomeration economy was used in many industries such as manufacturing, the application of agglomeration economy in the tourism is rare because of its complicated nature, which requires usually a systematic overview of the intra-industry networking and strategy of the regional development which is beyond the scope of "new economic geographers".

2.2 Clusters perspective- Porter's diamond model

A further development of the agglomeration economy over the last decade is the concept of clusters, which is defined by Michael Porter (1998) – "a geographic concentration of interconnected companies and institutions in a particular field critical masses-in one place-of unusual competitive success in particular fields". To further explain this, in the book "Competitive advantages of nations", Porter (1998) proposed the diamond model (Figure 1), which offered a useful way to explain the different clustering strategies of the regional economic growth. This model of determining factors of national advantages has been used in different ways and different organizations to identify the possible strategies to create competitive advantages compared to others(George 2009; Dögl and Holtbrügge 2010). In the model, there are four determinants of competitive advantage:

(1)   factor conditions (i.e. the region's position in certain important factors of production, such as human resources, physical resources, knowledge resources, capital resources and infrastructure)

(2)   demand conditions (i.e. sophisticated customers in home market, which pressure firms to innovate faster and to create more advanced products than those of competitors)

(3)   related and supporting industries (firms enjoy more cost effective and innovative inputs from competitive local supporting industries)

(4)   firm strategy, structure and rivalry (i.e. local conditions affect firm strategy such as the organization of companies, and the nature of domestic rivalry)

As well as two factors which influence the four determinants: government and chance. The role of government in the Diamond Model could be to encourage the activities of the companies to follow certain standards for their products, and stimulate the rarely demand of certain advanced products. The role of government is also important in design certain regulations to guide the daily activities of the companies. The role of chance is also an important factor in Porter's theory, because it can allow shifts in

competitive advantages in an industry. Some examples of chance events which Porter highlighted are: acts of pure invention, discontinuities in input costs such as oil shocks, significant shifts in world financial markets or exchange rates, surges of world or regional demand, wars, et al.(Porter, 1998).

As a self-reinforcing system, the diamond model requires a detailed research into the inter-correlations between four determinants in this system. The networking of these four determinants and two influencing factors is complicated due to the bi-directional influences between all factors creates the dynamics of the system and also put up to ten different relationships that could be investigated. However, previous works has shown that the diamond model can be useful to explain the success of specific industries (i.e. service industry, manufacturing industry, et al, some of them have been used in developing economies (Neven and Droge 2000; Kincaid 2005) or developed economies(Jackson and Murphy 2006).

However, Diamond model is certainly not perfect in every aspect (Lagnevik and Kola). Some authors argued that the diamond model is more useful for the analysis in more advanced economies while in developing countries, fragile pattern of the small-/medium industries and imbalance development put the Diamond model under critics(George 2009): For example, Schimtz (Schmitz 1995; Schmitz 1997) and Piore and Sable (Piore and Sabel 1984) proposed two different models: Collective Efficiency and Flexible Specialization to explore the development of external advantages of the clusters and diverse need of the local market respectively. However, it is still justifiable to say the diamond model is still one of the most sophisticated models to analysis the comparative advantages of the economies (Porter 1998).

Considering all these controversies for the diamond model analysis, the author expect the application of the diamond model analysis for some service industry (i.e. tourism industry) in developing economies(i.e. China) could be even more complicated due to large uncertainties involved in the role of tourism for the regional development depends on many different aspects (Jackson and Murphy 2006). Apart from this, the research about the theory of tourism developments, especially the specific conceptual model for tourism is still rare up till now, which results in a disparity development between reality and theory study. So in this study, the author aimed at constructing a conceptual model for competitive advantages of tourism based on Porter's diamond model, and applying this model to analysis the strengths and weaknesses of Yunnan Province to develop the clustering in the tourism by comparing it to another province-Zhejiang.

2.3 Elements and possible impact of tourism industry

Before we starts to build the conceptual model for the tourism industry, the elements and possible impacts of the tourism need to be understood. First, the tourism is defined as "the processes, activities and outcomes arising from the relationship and interactions among tourists, tourism suppliers, host governments, host communities and surrounding environments that are involved in the attracting and hosting of visitors" (Goeldner and Ritchie 2006). Secondly, the success of the tourism depends on enormous number of different factors and possible impact of tourism development can be analyzed from either economic, physical, political, social or cultural perspectives (Crouch and Ritchie 1999). A tentative exploration of these impacts of the tourism industry included but are not limited to the following aspects: (1) The economic benefits of the tourism include increased expenditure for the local economies and creation of employments - "green jobs" (Mathieson and Wall), while it can also increase the price due to inflation and result in the property booming which can be potentially detrimental for the long-term sustainable development. (2) The tourism can speed up the construction of supporting facilities and improve the local infrastructure; however, the building of infrastructure can also destroy the environment and creates an overcrowding community due to the overloading of visitors (Kotler et al. 2002). (3) The social benefits of the tourism include the strengthening of community structure via volunteerism and increase the enthusiastic in local events while the potential social disadvantages of the tourism is excessive urbanization.(4) Culturally, new ideas due to the exposure to other cultures may benefit the local community and more available economic resources can help to strengthen the regional traditions while the over-commercialization of activities that may be of a personal or private nature and results in more individualism in the local community. Moreover, the tourism also modifies the nature of event/activity values to accommodate tourism, which is against the preservation of the local culture (http://www.gawler.sa.gov.au/). (5) Politically, regions with well-developed tourism have higher international recognition of its values through the widespread of the tourists, and it is also easier to spread its political influence of its political values.

2.4 Intra-industry relationship of tourism industry

The intra-industry relationship between the tourism and other industry is complicated, (1) Tourism provides opportunities for small business at entry level and employments

to local people, and it is thought to be one of the main drivers for the whole global economy and global prosperity (Milne and Ateljevic 2001). Beside this, there are many industries (i.e. airlines, hotels, restaurants, et al.) which are heavily dependent on the tourism. However, the flow of the benefits and economic returns of the tourism are taken as granted by many destinations. (2) Tourism does not facilitate the development of every industry. For some manufacturing and service industries (i.e. mining, oil industry), the tourism may be detrimental to their long-term developments as a result of the tourism planning and resource management. For example, in many small island nations with rich oil resources, it become reluctant for them to strike a balance between the tourism and energy industry (Wilkinson 1987), while there are also some cases when the mining industry can provide attractive tourism resources for the local economy (i.e. Kiruna Ore Mine industry); (3) Over-reliance on the tourism can make the whole economy to be risky because the tourism product is very vulnerable to the overall performance of the external economy. After the financial crisis started in late 2007, the tourism is thought to be the worst-hit sector with supporting industries such as airlines, hotels, restaurants heading for its worst downturn over the last decades (http://www.msnbc.msn.com/).

2.5 Conceptual model for tourism industry

Considering the complexity of the tourism and its relationship with other industries and the whole economic development (Milne and Ateljevic 2001), it is difficult to put all the elements of the tourism activities and related industries into one simple model. Consequently, a simplified way to classify all the economic activities helped to summarize these activities as a conceptual model in Figure 2. According to the Porter's diamond, which have four determinants and two influencing factors.

The first determinant is the factor conditions which include some basic characteristics of the tourist destinations. Considerations will focus on questions like how rich the natural resources are; how many historical and cultural sites are there; what about the capital resources, infrastructures and human resources. Natural resource is one of the most important factors that influence the competitiveness of tourist destinations. Beautiful landscapes which displayed by different mountains, rivers, forests, as well as lakes, prairies, deserts and oceans, are natural attractions which attract thousands of tourists all over the world. Besides of natural resources, the historical and cultural sites are another set of factors that influences the tourism competitiveness. They are popular among travellers because most of them are so gorgeous that man can hardly believe they are made by the ancestors who lived hundreds even thousands of years ago. In

addition, travellers can experience the spirits of the local history and culture accompanied by travelling those sites, because they are the "windows" which lead the travellers to feel, to touch the ancient world. Capital resources are also quite important for tourism, because the tourist destination and related companies need all kinds of funds and loans from the governments, individuals and banks to strengthen the competitive advantages of themselves. Infrastructures like roads, airport, accommodations and restaurants are all necessary elements to form a tourist destination's competitive advantage, however, large sum of money need to be invested to those infrastructures to ensure that they are attractive to the tourism. Last but not the least factor which will influence the competitive advantages of a tourist destination is the human resources. The inflation can be found in all level of human resources if the author divided the human resources of tourism into three major levels, namely upper, middle, and lower level. The upper level is usually the board of directors who set the general development plan for the tourist related companies like travel agencies, restaurants and hotels. They are of essential importance to the competitive advantages to the whole industry because they are the ones who make the development strategies and all their decisions will impact the tourism industry. The middle level represents to those all kinds of managers who execute the plan made by the upper level. They are also important since they can control the efficiency and effectiveness of the development plan so as to influence the competitive advantages of the industry. The lower level, of course, is the one who directly impact on the competitive advantages. They are made up of the first line workers such as the tourist guides, bus drivers, agency consultants and hotel servers who are directly face to the customers. So their performances will influence the reputation of the tourist destination or certain companies and then such influence will go to the whole industry.

Demand conditions, the second determinant, state the characteristics of home demand for the tourism industry. According to Porter (1998), when the demand of domestic markets exceeds the foreign markets, the growing sophisticated customers in the domestic markets will stimulate the local companies to innovate and improve their quality, then, competitive advantages will be got by those local companies than their competitors. In the tourism industry, the domestic markets include two different categories, domestic tourism and outbound tourism. Domestic tourism refers to those tourists travel within the home country, take China for example, tourists travel from Beijing to Shanghai, Guangzhou to Wuhan, Beijing to Guangzhou are all domestic tourism. While outbound tourism represents to those tourists travel out of the home country, for example, from Beijing to London, Shanghai to Paris. The foreign markets are formed by inbound tourism which involves tourists out of the home country. For

instance, in China all the tours taken by travellers from outside mainland China (including Hong Kong, Macao and Taiwan) are considered inbound tourism. So in the tourism industry, when the domestic markets expanded rapidly, especially accounts for a larger market share than the foreign markets, the local companies like travel agencies, hotels and restaurants will get clear and early signals than the foreign companies to fit the sophisticated tourists' preferences and demand. Innovation and quality improvement will be stimulated which contribute to the growth of those companies. Therefore, the competitive advantages will be formed in the whole industry which increase the economic growth in the cluster region.

The third determinant, which is the related and supporting industries for tourism, is vary from place to place, since the tourism industry was effected by many aspects relating to different local industries (Goeldner and Ritchie 2006). So when considering this factor, analysis must be case by case. However, because of the characteristics of tourism, there are some related and supporting industries in general which include accommodation, food and beverage outlets, transportation (Bernini 2009; Urbano et al. 2010), as well as all kinds of entertainments and travel agencies. Accommodation is composed by different kinds of hotels, youth hostels, family inns, et al. Food and beverage include restaurants, bars, supermarkets and stores. Transportation refers to the transport system which contains buses, metros, taxies, cruise ships, trains, and planes. Entertainments include all kinds of activities shown on cinemas, theatres as well as nightclubs. Travel agencies are important media between the travellers and the tourist destinations, as they provide all kinds of services for the tourists, including accommodation, food and beverage outlets, transportation as well as entertainments. The existence of those related and supporting industries are of essential importance to the tourism industry itself. Competitive related or supporting industries will strengthen the innovation inputs and cost effective to tourism industry. So it is an important factor in the diamond model to test whether the tourism industry could get competitive advantages from the local related and supporting industries.

The fourth determinant, firm strategy, structure and rivalry, is the conditions in a country that affect the firm strategy in the tourism industry. The affection includes how the firms are established, organized and managed. Firm structures are influenced by many factors, of which social system is one of the most important. Nowadays, there are two major social systems in the world, namely capitalism and socialism. Usually, in the capitalism countries, most firms are private-owned, while in the socialism countries, most firms are state-owned. So their firm strategies are determined by the characteristics of different ownerships. In the capitalism countries, there are limited

governmental interventions of the firm strategies where the strategies of firms are mostly decided by the upper level of the firms- the board of directors. While in the socialism countries, firm strategies are mostly relied on government control or interference. Although some socialism countries like China and Vietnam start to reform the economic systems, for example, introduce the socialist market economy and various ownerships of firms, government control and interference are still play a vital part in the affection of the tourism industry. According to Porter (1998), less rivalry is a comparative advantage for the local companies at the beginning, however, in the long run, it is better to have more rivalry in the local companies, since it stimulate the local companies to innovate and improve themselves and indirectly reduce the global rivalry. So the high local rivalry is necessary as a competitive advantage for tourism industry.

One factor which influences the four determinants is the government. For tourism industry, the government could encourage the companies to improve themselves by setting some industry standards through policies. Government policies also stimulate the early demand for new product of tourism industry, like newly built tourist sites, new destinations for tourists, etc. Thereafter tourism planning and management practices by the government certainly play a critical role in the intra-industry network and tourism development from both a short-term and long-term view (Hall and Jenkins 2003). The other factor is the chance which shifting the competitive advantages in the tourist industry. For example, the natural disaster, like earthquakes, may destroy the tourist destination; the significant change in world financial markets or exchange rate may influence the economy of the tourist destination and the number of tourists.

3. Data and Methods

To answer the research questions proposed at the beginning of the study, some data and methods will be used in related analysis and discussions. In this section, we discuss the data and methods which will be used in the thesis.

3.1 Type of study

Generally, there are three type of study, named exploratory, descriptive and causal study. According to the research questions, the author will use exploratory study to meet the research objectives. Exploratory study is a kind of study which "to ask questions and to assess phenomena in a new light" (Robson 2002). In the thesis, the

author will find out what is happening to tourism in China in the recent years and try to use the Porter's cluster theory to analysis the case of Yunnan & Zhejiang Provinces. Hopefully, a general development model for the western part of China will be explored.

3.2 Research strategy

The case study will be used by the author as the major research strategy to explore the research question. As defined by Robson (2002), case study is "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence". By using this strategy, different sources and research methods could be used to better understand the context. However, the author needs to pay attention to the massive amount of data which may cost a lot of time, as well as to avoid the researcher's bias which is always the problem by using this strategy. In the thesis, the author set Yunnan Province which is a typical western province of China as a critical case to test by comparing to the Zhejiang Province which located in the coastal region. The analysis will based on Porter's Diamond model which specifically for tourism, that is, the conceptual model of tourism industry (Figure 2.) which introduced by the author in the theoretical framework section. From a cluster perspective, analysis will include the basic background of the two provinces, for example, the geography and biology conditions, the population, the area and proportion to the whole country, the economic development in the recent years, the tourism resources and revenues, et al. (more detailed description on how to get those data will be discussed in the next section). Affection factors of tourism from both outside and inside of the two regions will also be analyzed, like policies and regulations setting by the central as well as the local governments since they are key factors for the regional disparity of China. As a result of the study, the strengths and weaknesses in tourism of Yunnan & Zhejiang Provinces will be found out.

3.3 Research review

Most of the papers contain the research review section at the very first part of the thesis. It will help the author to know what have been done so far about the research topic. A good summarize of the previous work is also important to the readers who will get an overview of the updated research and better understanding of the research discipline. Therefore, the author will do a research review in the second section of the thesis to build a theory framework of the research question. Basically, there are two ways to get

access to previous works about the research topic for the author. One is the university libraries, the other is the online resources. In the university library, there are numerous books and journals with good quality as well as databases and e-books which the author can use directly. However, the author must carefully select the online resources since there are many mistakes and inauthenticities.

3.4 Data choosing

When concerning the data choosing, the secondary data are most commonly used by the author due to the limits of research time and funds. Usually, the secondary data are much easier to get than the primary data which authors need to get by themselves by using the forms like observation, interviews and questionnaire(Saunders et al. 2007). So the secondary data is much cheaper than the primary data as well. According to the book "Research methods for business students", there are three types of secondary data: documentary data, survey-based secondary data and data from multiple sources. (Figure 3)

3.4.1 Documentary data

Documentary data include written materials as well as non-written materials. Examples of written materials include: organizations' databases such as personnel or production; organizations' communications such as emails, letters, memos; organizations' websites; reports and minutes of committees; journals; newspapers and interview transcripts (Saunders et al. 2007). Examples of non-written materials are: media accounts (television and radio); voice recordings; and video recordings (Saunders et al. 2007). Those data can be used both quantitatively and qualitatively. In the author's thesis, the data are mostly originated from the documented administration records, such as those from organizational websites, for example, the statistic information website of China (www.tjcn.org) and the website of World Travel and Tourism Council (www.wttc.org). Benefits of using these documentary data are that they are easy to access to and usually with high quality. However, it may lack of continuity and timeliness which causes some inconveniences when the author want to undertake a longitudinal study.

3.4.2 Survey based secondary data

Survey based secondary data are collected by a survey strategy which questionnaires are often used. There are three subtypes of survey strategy: censuses, continuous/ regular surveys and ad hoc surveys (Saunders et al. 2007). Censuses are often carried out by governments which contain censuses of population, employment, et al.

Continuous/ regular surveys are those surveys could be repeated over time but exclude censuses (Saunders et al. 2007). The survey can both be carried out by governments and organizations. For example: family spending, labor market trends, employee attitude surveys (Saunders et al. 2007). Ad hoc surveys are those specifically for their subject matter. Examples of ad hoc surveys include: governments' surveys, organizations' surveys and academics' surveys (Saunders et al. 2007). In the thesis, the author will use a lot of data from governments' censuses, since they are comparatively accurate than other sources. In addition, they are easy to get from the website because the governments at all levels in China put more emphasizes on open administrative affairs in the recent years. So the censuses of different theme can easily find on governments websites like website of National Tourism Administration of China (www.cnta.gov.cn), the National Bureau of Statistics of China (www.stats.gov.cn), the Tourism Administration Website of Yunnan (www.yunnantourism.gov.cn) and Zhejiang (www.tourzj.gov.cn).

3.4.3 Multiple-source secondary data

Multiple-source secondary data are organized from different data sets which could be originated from documentary data or survey based secondary data, or a mixture of the two (Saunders et al. 2007). Normally, there are two kinds of multiple-source secondary data, which are area based and time series based. Examples of area based secondary data are: Financial Times country reports, government publications, books and journals (Saunders et al. 2007). While examples of time series based secondary data are mostly governments' censuses which include censuses of population, censuses of employment, et al. (Saunders et al. 2007). In this research, the author will also use multiple-source secondary data which include both time series based and area based, because they are important for the author to compare the tourism developments in two different regions. However, as mentioned above, it is still difficult for the author to take a longitudinal study because data from some local governments' website are lacking of continuity and timeliness.

3.5 Research methods

Basically, there are two methods when doing business and management research which are quantitative method and qualitative method. Quantitative method focuses on numerical data while qualitative method mainly emphasis on non-numerical data. Both of the methods are widely used by researchers and the combination of the two which called multiple methods is more and more preferred within business and management research (Saunders et al. 2007). Four possibilities may apply to the multiple methods,

which are, multi-method quantitative study, multi-method qualitative study, mixed-method research, and mixed-model research. (Figure 4)

In the thesis, the author will choose the mixed methods which is "the general term for when both quantitative and qualitative data collection techniques and analysis procedures are used in a research design"(Saunders et al. 2007), because "they provide better opportunities for you to answer your research questions and where they allow you to better evaluate the extent to which your research findings can be trusted and inferences made from them" (Saunders et al. 2007). The discussion part of the thesis will be based on the results of the quantitative analysis by using the comparison of statistics from both the central government and local governments such as Zhejiang and Yunnan Provincial governments. However, some qualitative analysis will also be included due to the lacking of public statistics in the public sectors of Yunnan & Zhejiang Provinces. Qualitative method will be used in the end of the comparison as well, since a general model for regional development will be set up after the whole analysis. So, the context of the thesis will be enriched a lot by combining the quantitative and qualitative methods.

4. Case study of Yunnan & Zhejiang Province

Yunnan, as a member of the "West-China Development Drive" provinces, performed comparatively well in tourism compared to other western provinces. However, it is still in a poor position comparing to the coastal provinces such Zhejiang. In 2008, the coastal provinces account for 8 of the top 10 regions of inbound tourism revenues in China where Yunnan ranked NO.9 (www.cnta.gov.cn). So, when exploring the case of Yunnan, the comparison of a coastal province will be necessary. Zhejiang, a typical coastal province in China is chosen since it is the province with the highest GDP per capita in China in 2009 and ranked NO.3 of tourism revenues in 2008 (http://www.stats.gov.cn/english/). The locations of Yunnan and Zhejiang province are shown on Figure 5.

4.1 Background

4.1.1 Brief introduction of Yunnan Province
Geography
Yunnan which means "the south of the clouds" is located in the southwest of China,

sharing a border with Burma, Laos and Vietnam (see Figure 5). The province is about 394,100 square kilometers, which accounts for 4.09% of the national share (China Statistical Yearbook 2009) and is bigger than the combination area of the United Kingdom and the Republic of Ireland. The whole province is in a mountainous area which can be divided into two major topographic regions with Yunnan- Guizhou Plateau in the southeast, the Hengduan mountain range in the northwest. There is a canyon region in the west, where a lot of famous rivers running through, like the Yangtze River, the Mekong (Lanchang Jiang in Chinese), and the Salween (Nu Jiang in Chinese). Besides rivers, lakes are also famous of the province. Yunnan is one of the provinces which contain highest number of lakes in China. Lake Dian, Lugu Lake, Fuxiang Lake and Erhai Lake are popular among tourists. However, the mountainous area shared more than 84% of the total area of the province in general (www.yn.gov.cn). The average altitude is about 3000- 4000 meters in the northwest, and 1500- 2200 meters in the southeast, 800- 1000 meters in the border areas. Several places are even below 500 meters where the tropical and subtropical zones are (www.yn.gov.cn).

Climate

Yunnan was given a multiple climate type which contains tropical, subtropical, montane and plateau climate, as a result of the various topography (high mountain range, plateau and canyon). The Tropic of Cancer is running through the southern part of Yunnan which divided the tropical and subtropical area of Yunnan. While the large area of high mountain chains contribute to the vertical climatic belt where forms the montane climate. In general, the province has a mild climate because it influenced by both the Pacific and Indian oceans from the south where the southwest monsoon brings mass of water vapor from the oceans to Yunnan in the summer. So the annual rainfall is unevenly distributed, from 600mm to 2,300 mm, more than half of which is raining between June to August (http://www.yn.gov.cn/). However, this not affects the pleasant weather of Yunnan for the whole year. The average temperature in the summer(the hottest month) is from 19℃ to 22℃, while in the winter(the coldest month) is from

6℃ to 8℃ (http://www.yn.gov.cn/). Therefore, the capital city, Kunming, is recognized as the "City of Eternal Spring" in China for its moderated weather. Mansfield (2007) described in his book that "Yunnan is an all-seasons destination, a place where you can find good weather somewhere in the province for most of the year."

Biology

The variety of climate contributes to the biodiversity, especially the various species of both animals and plants. Therefore, Yunnan is also recognized as a natural zoological

and botanical garden in China. Mansfield (2007) also described Yunnan as "China's most biodiverse province". According to the statistics announced by the local government, though accounting for about 4.09% of the land of the country, Yunnan contains more than 50% of the species of animals, plants and microorganism in China (www.yn.gov.cn).

The People

According to the National Bureau of Statistics of China, the total resident population of Yunnan Province reached to 45.43 million, ranking the 12th of the whole country in 2008 (China Statistical Yearbook 2009). The number of population is composed by 15.90 million ethnic minorities which shared 35% of the total resident population, making Yunnan as one of the provinces has the highest number of ethnic minorities in China (China Statistical Yearbook 2009). Mansfield (2007) also pointed out in his book that "Over a third of all the country's ethnic minorities live here." Besides, among the 55 ethnic minority groups in China, 25 were found in Yunnan, making it one of the most ethnic diversity provinces in China. Bigger ethnic minority groups are Yi(11%), Bai(3.6%), Hani(3.4%), Zhuang(2.7%), Dai(2.7%), etc. which formulated diverse authentic living cultures, attracting increasingly ' Ethno tourism' every year (Mansfield 2007).

Economy

The economy of Yunnan is relatively poor by comparing to the rest provinces and autonomous regions in China. About 7 million people lived below the poverty line, with the annual average income less than 300 Yuan per capita and account for 9.7 percent of total poor people in China (http://www.china.org.cn/). In order to reduce the regional inequality in economic development between the west and east regions, the central government set up a series of strategies, called West-China Development Drive, to increase the local economy of the west region in 2000. During the ten years, huge funds are invested by the central government to Yunnan, mainly focusing on improving infrastructure facilities. Roads, railways and international airport were built within the ten years which stimulate the development of the local economy. While the GDP of Yunnan is growing at a very high speed in those years, the regional disparity in economic development still exists. In 2009, the GDP of Yunnan Province is 616,828 million, which ranked the 24th among the total 31 provinces and autonomous regions in China (exclude Hong Kong, Macau and Taiwan Province) (http://www.stats.gov.cn/english/). However, the speed of the growth is higher than the average level in China, which ranked the 15th (http://www.stats.gov.cn/english/). So for Yunnan, there are still a lot of potentials to grow.

4.1.2 Brief introduction of Zhejiang Province

Geography

Zhejiang is one of the provinces which located in the eastern coast of China (see Figure 5.). It borders four provinces, Jiangsu, Anhui, Jiangxi and Fujian, to the north, northwest, southwest and south separately, one municipality- Shanghai to the north also, and the East China Sea to the east. The province is one of the smallest provinces in China, with an area of 101,800 square kilometers, which accounts for 1.05% of the national share (China Statistical Yearbook, 2009) and is almost as big as Iceland(103,001 square kilometers) (United Nations Statistics Division, 2007). Hills are the major topography of the province, sharing 70.4% of the total area. The rest of the province is shared by plains and lakes which accounts for 23.2% and 6.4% separately (www.zj.gov.cn). Famous lakes are the West Lake in Hangzhou, the South Lake in Jiaxing, and the East Lake in Shaoxing (www.zhejiang.gov.cn). Besides, Zhejiang is the province which has the most islands (above 500 square meters) in China, about 3,061 in total (www.zhejiang.gov.cn). Among those islands, Zhoushan Archipelago is the largest which famous for the Putuo Mountain, one of the four Buddhist Shrines in China.

Climate

Subtropical climate is the major climate type in Zhejiang, where is also disturbed by monsoon periodically. So the province has four distinct seasons, moderate and humid weather, a lot of sunshine as well as rainfall. The average annual temperature is between 15℃ to 18℃, where the highest temperature of the year is around 33℃ to 43 ℃, the lowest temperature of the year is around -2.2 ℃ to -17.4 ℃ (www.zhejiang.gov.cn). The annual rainfall is between 980mm and 2000mm and the annual hours of sunshine are between 1710hours and 2100 hours (www.zhejiang.gov.cn). The superior of the weather condition makes Zhejiang a good place for agriculture, so it is well known as "a region of fish and rice, the home of silk" (www.zhejiang.gov.cn).

Biology

Due to the geographical characteristics, Zhejiang has not only many species on land, but also under the sea. So it has richer species comparing to other inland areas in the subtropical zone.

The people

Zhejiang has a total resident population of 51.2 million in 2008, with a large proportion of Han people, the majority in China (China Statistical Yearbook, 2009). Although the number of ethnic minorities is increasing, it still accounts for a small proportion with 399,700 people in total (http://www.zj.gov.cn/), most of which are immigrated from other places of China for occupation, business and family reasons, especially after the opening and reform policies in 1978. The major native ethnic minorities in Zhejiang include She(170,993 people), Hui(19,609 people) and Man(www.zj.gov.cn). So for thousands of years, the culture of the Zhejiang is dominated by Han people, who set up a lot of Chinese historical and cultural cities such as Hangzhou, Putuo and Ningbo, all of which are popular tourist destinations.

Economy

Located in the eastern coast of China, Zhejiang is one of the best developed provinces in China. With an annual average GDP growth rate of 12.7% ranked the 2nd from 1978 to 2007, its GDP per capita in 2007 was 112.2 times in 1978 and ranked 1st in all provincial-level divisions (www.stats.gov.cn). In 1978, Its GDP was only 12,372 million Yuan (7,347 million US dollars) and ranked the 12th in all provincial-level divisions, while its GDP has been ranking the 4th since 1994 (www.stats.gov.cn). In 2008, Zhejiang's GDP rose up to 2,148,692 million Yuan (309,677 million US dollars) and it was its first time to reach over 2 trillion Yuan. In 2009, Zhejiang's GDP was 2,283,243 million Yuan (334,247 million US dollars)(http://www.stats.gov.cn/).

4.2 Analyze

4.2.1 Factor Conditions

In the conceptual model for the tourism industry, the factor conditions which could increase the competitive advantages of tourism industry include natural resources, historical and cultural sites, capital resources, infrastructures and human resources.

Natural resources: for the natural resources, Yunnan has comparative advantages than Zhejiang, mostly due to its geographical and biological features. As mentioned above, Yunnan, as one of the most ethnic diversity provinces in China which form the cultural diversity, is in a low latitudes mountainous area with a multiple climate type. Numerous high mountains as well as canyons exist at the same region, making Yunnan a unique place for sightseeing. The Three Parallel Rivers of Yunnan Protected Areas and the South China Karst (Shilin Karst) are the famous sites which recognized by UNESCO as natural World Heritage Sites in 2003 and 2007 separately

(http://www.worldheritagesite.org/). Yunnan is also recognized as a natural zoological and botanical garden. According to the statistics announced by the local government, Yunnan, accounting for about 4% of the land of the country, contains more than 50% of the species of animals, plants and microorganism in China (www.yn.gov.cn). Its unique position in the tourism industry of China is also shown in Xishuangbanna, where the largest tropical rainforest in China located. As famous tourists' attractions, the utility of the landscape of Yunnan attract numerous tourists every year. Compare to Yunnan, the natural resources for tourism in Zhejiang seems lacking "outstanding universal value", tough it has a lot of mountains, lakes and rivers, but it has none World Heritage Sites recognized by UNESCO.

For *historical and cultural sites*, Yunnan, as one of the most ethnic diversity provinces in China which form the cultural diversity, has one cultural World Heritage Site- the Old Town of Lijiang, which is recognized by the UNESCO in 1997 for its multi-cultural features (http://whc.unesco.org/). However, though Zhejiang doesn't have any cultural World Heritage Sites, it has a lot of Chinese historical and cultural cities such as Hangzhou, Ningbo and Putuo. What's more, Hangzhou is one of the 8 ancient capital cities in China which has an important affection on the Chinese history. So both provinces have rich historical and cultural sites which become the major attractions of tourists.

Capital resources & Infrastructures: due to the unprecedented economic growth since the opening and reform policies in China, the eastern coast area represented by Zhejiang province is much more developed than the economies of western China represented by Yunnan. The difference in the capital resources between Yunnan and Zhejiang is obvious: the public finance-revenue of Yunnan is only 130 billion Yuan while that of Zhejiang reached more than 230 billion Yuan in 2009, while the difference in GDP per capital between western and eastern China increase to 21,000 Yuan in 2010 from only 7,000 Yuan in 2000 (http://www.stats.gov.cn/). Another statistics which shed light on the huge economic gap between western and eastern China is that, none of the provinces in the west China had per capita urban income above the national average while more than two third of that in the east China is above the national average. Such a huge gap results in the west regions lag behind China's more prosperous eastern regions in the infrastructure. And such a poor tourism infrastructure is thought to be a real challenge facing the tourism sector in the western China.

Human resources: the higher education in Zhejiang is well-developed, represented by

several prestigious universities such as Zhejiang University (ranked as one of the top 5 universities in China) and has a total of more than 900,000 college students studying in more than 70 universities, besides this, Zhejiang is also one of the only provinces with more than 10 billion Yuan invested in research & development every year (http://jyt.zj.gov.cn/). In Yunnan, around 150,000 college students are studying in less than 20 universities, their expenses in research & development is one of the lowest among the whole China and the educational level of these universities is relatively much lower compared to Zhejiang.

4.2.2 Demand Conditions

Sophisticated tourists' preferences and demand: the most famous tourist attraction in Yunnan, Lijiang, is ranked as the 7th most popular destinations for sophisticated tourists in China, While Hangzhou, one of the most famous tourist destination in Zhejiang is ranked as 3rd most popular destinations. Moreover, according to the monthly tourist satisfactions index by the China Tourism Academy, Hangzhou also performs much better than cities like Kunming or Lijiang in Yunnan Province (http://eng.ctaweb.org/).

Domestic tourism, outbound tourism vs. inbound tourism: according to the government statistics, in 2008, the inbound tourism incomes of Yunnan are 1007.55 million dollars while those of Zhejiang are 3024.08 million dollars; the domestic tourism incomes of Yunnan are 59.476 billion Yuan while Zhejiang are 204 billion Yuan; and the total tourism incomes of Yunnan are 66.328 billion Yuan, while those of Zhejiang are 205 billion Yuan (www.cnta.gov.cn). The major reason for this hug differences is due to the location of the two provinces. Zhejiang is quite near to the developed world- Japan and Korea where Zhejiang has the source of major inbound tourists and those Japanese and Korean tourists contributed a lot of consumptions. In 2006, Zhejiang had organized more than 280,000 tourists for outbound tours, with an increase of 1.3 times more than the year 2000 while the tourists for outbound tours in Yunnan are less than 100,000. It is clear that the tourism incomes of Zhejiang are almost 3 times than those of Yunnan. The causation of the huge difference is due to a lot of factors that need to be further discussed.

Domestic & foreign markets: The international tourism has grown rapidly since the 1960s in the Asian-Pacific region because of increase intra-regional travel among Asian-Pacific residents, who account for 73 percent of the total arrivals in the region (Wen and Tisdell 2001; Wen and Sinha 2009). As a guide, the author cites the statistics from 1995 to shed light on the major composition of the inbound tourism in Yunnan:

around 50 percent of the tourists are from Thailand, around 30 percent of those are from Singapore, and 20 percent of those are from Malaysia. However, the average stay of international tourist in Yunnan was less than 2 days: such a short stay and little expenditure during the stay make the tourism incomes of Yunnan much less than that of Zhejiang. So the future for tourism in Yunnan lays in intensive development rather than expanding its present scale, effects are required to complete existing tourist sites and improve the quality of present tourist services, which will add values to present tourism facilities.

More recent statistics during 2007 shows that Zhejiang attracts about 5.11 million foreigner visitors, about twice of that in Yunnan (2.65 million), and the foreign exchange income of the foreign visitors (2.7 billion USD) is about three times of that in Yunnan (1.0 billion USD). For the domestic market, the domestic visitors of Zhejiang is about 190 million, about twice of that in Yunnan, the income from the domestic market in Zhejiang is about 26 billion Yuan, about four times of those in Yunnan.

4.2.3 Related and supporting industries

Accommodation: the tourist facilities in Yunnan have the capacity to accommodate more than 100 million people annually and Yunnan is ranked as the province with one of the most star-rated hotels in China (904 star-rated hotels, 22 five-star hotels, ranked No.3 in the China) while Zhejiang is ranked as No.2 with 1118 star-rated hotels, 20 five-star-rated hotels. The revenue in accommodations in Yunnan is 3.3 billion Yuan with 1,680 companies in 2005, while that of Zhejiang is 15.7 billion Yuan with 2,711 companies in 2005 (http://www.stats.gov.cn/ ; http://www.stats.gov.cn/). The profit of the accommodation in Yunnan is -0.49 billion Yuan in 2005, while that of Zhejiang is 0.029 billion Yuan in 2005.

Food and beverage outlets: the various folk customs of different ethnic groups in Yunnan are important parts of the tourism resources in Yunnan. The local cuisine is heavily influenced by the huge number of minority ethnic groups since each group has its own way to cook food. Flowers are widely used in the dishes, making Yunnan Cuisine a unique system in the Chinese Cuisine history. As a comparison, the Zhejiang Cuisine is one of the Eight Culinary Traditions of China, food made in the Zhejiang cuisine style is not greasy, having instead a fresh and soft flavor with a mellow fragrance. While the income of the whole catering industry in Yunnan reached 28 billion Yuan, compare to 99 billion Yuan of Zhejiang province in 2009.

Transportations: the transportation in Yunnan has improved significantly, making it

relatively much easier for the tourists to get access to some remote areas in this province: the traffic mileage of Yunnan is 1,985,000 km while that of Zhejiang is about 1,000,000 km. For the total traffic mileage, the mileage of the highway is 2,500 km in Yunnan in 2007 spanning approximately 394,100 square kilometres while Zhejiang province has more than 3,000 km of highways spanning an area of approximately only 101,800 square kilometres. The total length of the railway in Zhejiang is 1,600 km, while that of Yunnan is 2,470 km. Yunnan has 12 airports within the whole province with the Kunming airport as one of the biggest airports in the whole country, while Zhejiang has only 7 airports in total.

Travel agencies: there are about 200,000 people employed by the tourism in Yunnan, and there are more than 4,000 tourist enterprises in Yunnan and their fixed assets amounted to 20 billion Yuan, while there are about 1,000,000 people employed by the tourism in Zhejiang.

4.2.4 Firm strategy, structure and rivalry

Social systems: the gradual reform from planned economy to market economy since 1980s takes a long time and is especially slow in remote provinces such as Yunnan. Several frontier cities in Yunnan such as Ruili and Wanding were opened after the 1990's. Such sluggish reform impeded the transformation of the social system and its economic growth. On the contrary, the opening and reform in Zhejiang was much earlier than Yunnan. Ningbo, a coastal city in Zhejiang Province is chosen as a coastal open port city in 1984, and the whole province became part of the Yangtze River delta coastal economic open zone in 1985.

Business ownerships: The long-standing planned economy during Mao's time still have a moderate influence on the economic structure in Yunnan: there are relatively fewer private companies than Zhejiang and there is a lack of entrepreneurship in this area. In Yunnan, its economy heavily depended on state-owned companies such as Hongta group (the biggest Tobacco company in China) and Yunnan Copper Group (one of the biggest mining company in China). According to the rankings of the 100 biggest private-owned companies in China by Fox news, none of these private-owned companies is based in Yunnan, while 6 of them are based in Zhejiang. Within them, Guangsha group, one of the 10 biggest private-owned companies in China, is partly majored in tourism, hotels and represent the rapid development of private-owned economies in Zhejiang.

4.2.5 Government

The role of the government is very important in developing economies such as China because the central government often owns huge power to relocate the financial and human resources to resolve critical and emergent problems. With the well-recognized economic gap between west and east China, the central government devoted lots of efforts to eliminate this gap since 1990s. For example, the West-China Development Drive which started 10 years ago, aimed at eliminating the economic gap between western and eastern China. Within this drive, the development of trade and tourism are designed to be the priority for western China's economic development and China has spend over 3 trillion Yuan (about 440 billion U.S. dollars) to strengthen the financial sector in the western China. Besides this, more than 680 billion Yuan is promised by the central government to finance for infrastructure improvements that are expected to help boost local economies, especially the tourisms for under-developed provinces such as Yunnan. Since the global financial crisis, a large stimulus package was assigned to under-developed provinces in western China such as Yunnan to boost and support infrastructure construction, the conservation of ecological environment, the promotion of existing industries et al. In Yunnan, Three Great Strategies were designed during the West-China Development Drive and the local government emphasized the importance of "ecological economy". Thereafter, the tourism was one of the most important industries for Yunnan to realize the "ecological economy".

Compared to Yunnan, traditionally, Zhejiang is less favoured by the central government due to the lack of natural resources, a location vulnerable to potential flooding from the sea. The economy in Zhejiang is mainly facilitated by the local government. As benefited from the opening and reform policies, Zhejiang Province becomes one of the richest provinces in China. As mentioned above, the province is part of the famous Yangtze Delta, a coastal economic open zone in China, which is one of the growth poles in the Chinese economy.

So, with Chinese President Hu asked for more efforts be undertaken to accelerate infrastructure construction, rural development in the west China, upgrade the industrial sector and revitalize enterprises and traditional industries with high technology and enhance ecological protection, it is widely-recognized that the economic gap between the country's east and the west may be narrowed due to the central government's supportive policy.

4.2.6 Chance

Chance is the factor which could shift the competitive advantages in the tourism industry. The impact of the shifting result might be positive. For example, after the

economic crisis, the exchange rate is changed significantly which influence the tourism industry. For China, the currency, Yuan, has risen since the currency reforms announced in 2005, especially during the economic crisis. The central paltry of Yuan, settled by the People's Bank of China, rose 6.86% moving against the dollar in 2007 and 7.05% in 2008 (http://imarketnews.com/). The Yuan also jumped 10.43% against the euro in 2008 (http://imarketnews.com/). Although the appreciation of Yuan brings negative impact to the foreign trade business of China, it does stimulate the outbound tourism market. As Yuan is more valuable than before, the cost of travelling abroad reduced a lot, more and more Chinese people choose to go abroad for vacation. According to the National Tourism Administration, the outbound tourists reached to 45,844,400 person-trips in 2008, which increased 11.9% than the year before (http://www.cnta.gov.cn/). The outbound tourism in both Yunnan and Zhejiang are benefited from the significant change of exchange rate.

As every coin has two sides, the shifting impact might be negative as well. The natural disasters, like the earthquake, mountain torrents, debris flow, typhoon and flood are factors which can attack the tourist destinations. Yunnan is a province which located on the southeast part of the Himalayas - Mediterranean seismic belt, where the devastating earthquakes frequently occurred which bringing severe disaster to the province. Accounting for 4.09% of the national area, Yunnan is sharing 20% of the average national devastating earthquakes. What's more, the area where the devastating earthquakes might occur accounts for 84% of the total area in Yunnan. From 1970 to 2000, devastating earthquakes, magnitude above 7.0, occurred to Yunnan for about every four years. The 8 devastating earthquakes during the 30 years in Yunnan have caused 18,210 deaths, 50,000 injuries, and more than 20 billion Yuan direct economic losses. It's a disaster for tourism industry in Yunnan, since earthquakes destroyed the infrastructures, tourist sites, forests and everyday life of the tourist destinations and the reconstruction is a huge project which needs a lot of fund, time, and labours. What's more, it is not easy to rebuild the consumer confidence because tourists may worry about their personal safety and choose to go to other places instead. Numerous mountains and over concentrated rainfalls in the summer make Yunnan a place easy to cause mountain torrents and debris flows. They are very devastating for roads, railway lines, villages and tourist sites. If the connections among the tourist destinations were cut off quite often, the tourists can not get into or get out of the tourist destinations on time, bringing inconvenience to them who may choose never to come back again. So the tourism of Yunnan are negatively influenced by the natural disasters, which shifting the competitive advantages of Yunnan in natural resources to a comparative advantages.

For Zhejiang, it is one of the few provinces in China which don't locate on the seismic belt. However, it is influenced by typhoons and floods since it locates beside the sea and has a lot of rivers. Under the control of monsoon, typhoons frequently make landfall in Zhejiang during the summer. According to the statistics recorded by the local government, from 1949 to 2004, Zhejiang was influenced by 3.3 typhoons every year on average, one of which were made landfall in Zhejiang every two years (http://www.china.com.cn/). With very negative impact to Zhejiang, typhoons bring strong winds accompanied by heavy rains which devastated the electricity equipments, infrastructures, transportations and houses, as well as caused floods and mountain torrents. Tourist activities have to break off under the impact of typhoon, which brings huge losses to the local tourist agencies and tourism related firms. Within the 55 years (1949-2004), 78 typhoons have caused obvious disasters to Zhejiang for 39 years, resulting more than 88 billion Yuan in direct economic losses and more than 10 thousand deaths (http://www.china.com.cn/). However, normally the impact of typhoon last just 2-3 days which has weaker impact to the tourism industry than the earthquakes. So Yunnan Province is much easier than Zhejiang that would be influenced by the factor of chance.

5. Results

5.1 Regional competitiveness of Yunnan in tourism development compared to Zhejiang

Compared to Zhejiang, Yunnan has been a popular destination for the Chinese and foreign tourists since the 1900s, during which time cities such as Lijiang, Dali and Shangri-la have changed from rustic old towns into increasing modernized tourism destinations. Indeed, Yunnan owns one of the richest tourism resources in China: more than half of the minorities live in this area with their unique culture. The various folk customs of different ethnic groups in Yunnan are important parts of the tourism resources in Yunnan. Huge number of the biodiversity in plants and animals composed some of the most fascinating landscape in the world. And the Yunnan cuisine provided dish with various plants and animals, which amplified the option tourists have when travelling with this area.

While the infrastructures in Zhejiang has been relatively better compared to Yunnan. Some infrastructures, such as the number of the airports are dramatically improved in Yunnan since the last decade, while other infrastructures (i.e. railways, highways) still

needs more investments over the coming years. Other supporting industries such as the hotels, restaurants are reasonable OK in both Yunnan and Zhejiang, providing 3rd and 2nd most number of star-rated hotels separately. The main composition of the tourism in Yunnan is inbound tourism while the outbound tourism is rare due to its poor economy. In Zhejiang, the composition of outbound tourism is much higher.

Besides all these, we find the government, both the central and local government, provide enormous support for the development of tourism in Yunnan, compared to Zhejiang. The provincial government of Yunnan incorporated tourism as part of their overall development strategies. In the West-China Development Drive and 3 trillion Yuan stimulus package after the financial crisis, the tourism was given the highest priority, which give us confidence in the future of the tourism in Yunnan.

5.2 Weakness of Yunnan in tourism development compared to Zhejiang

Thirty years after the opening and reform policies, the economic condition in Yunnan still lag behind its peer in more prosperous east coast region such as Zhejiang province, which means available capital and human resources are limited to support the tourism development. Still affected by the relics of the planned economy, its economy is heavily dependent on the state-owned company and there is a lack of entrepreneurship in local communities of Yunnan and there are very few big private-owned companies involved in the tourism industry. While the hardware such as the number of hotels are reasonable OK, there are 200,000 people engaged in the tourism industry but the services provided by these tourist destinations in Yunnan was ranked behind its peers in Zhejiang, pinpointing the importance of supporting industry over there, which is an disadvantage of the tourism development in Yunnan. Besides the supporting industry, the poor neighbour countries around Yunnan also limited the source of inbound tourist in Yunnan, while that of Zhejiang (i.e. Korea, Japan) is much richer and contribute a lot to the development of the local tourism in Zhejiang. So in Yunnan, there is still a long way to go for the tourism contributed to rapid economic growth and reduce rural poverty.

6. Conclusion

Owns large number of beautiful landscape and a unique composition of ethnic minorities, Yunnan is certainly one of the provinces with the richest tourism resources in China, compared to much more developed east coast regions such as Zhejiang

Province. However, due to sluggish economic development and its isolation from the prosperous eastern coast region, the exploration of the tourism resources in Yunnan stays in a preliminary stage for many years. Together with such a sluggish development of economics, many supporting industries for the tourism in Yunnan are also undeveloped for decades. Important resources such as human resources, capital resources are also very limited in Yunnan. Indeed, there is still a long way for the infrastructure such as airlines, railways, highways in Yunnan to catch up with its peers (i.e. Zhejiang) in eastern China and the development of tourism in Yunnan is still limited by many external factors (i.e. accommodations, food industry, economic conditions, et al.). Until recently, thanks to the West-China Development Drive and other stimulate packages after the financial crisis in the late 2007, the central government directed huge economical package to stimulate the economic development in the remote western region and the tourism was given one of the highest priorities in Yunnan. However, the role of government need to be carefully incorporated to the whole strategy of the tourism planning, when all the four determinants and two factors in Porter's diamond model all contributes to the development of the regional competitiveness in tourism. Vice visa, according to Porter's diamond model, better supporting industries, demand conditions and social systems put Zhejiang in a much better position in the tourism industry, although its tourism resources lag behind Yunnan. Besides this, the author find there are also some more external factors need to be explored but difficulty to be included in Porter's diamond model. For example, the intra-relationship between the tourism and other industries is one important factor to affect the future of the tourism in Yunnan (http://ly.gdcc.edu.cn/n10603c114.aspx). The over-expansion of the tourism may have a negative effect on the mining & raw materials industries which is the supporting industries for many local economies in Yunnan and there must be more research on the overall strategy for the whole economy, especially when the rising profits of the mining industries render some local governments to seek for short-term and quick profits but ignore problems such as environment protection which is critical for the development of tourism. To unveil such complicated intra-relationship between tourism and other industries, some more advanced model may need to be adopted in the future.

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Table and figures
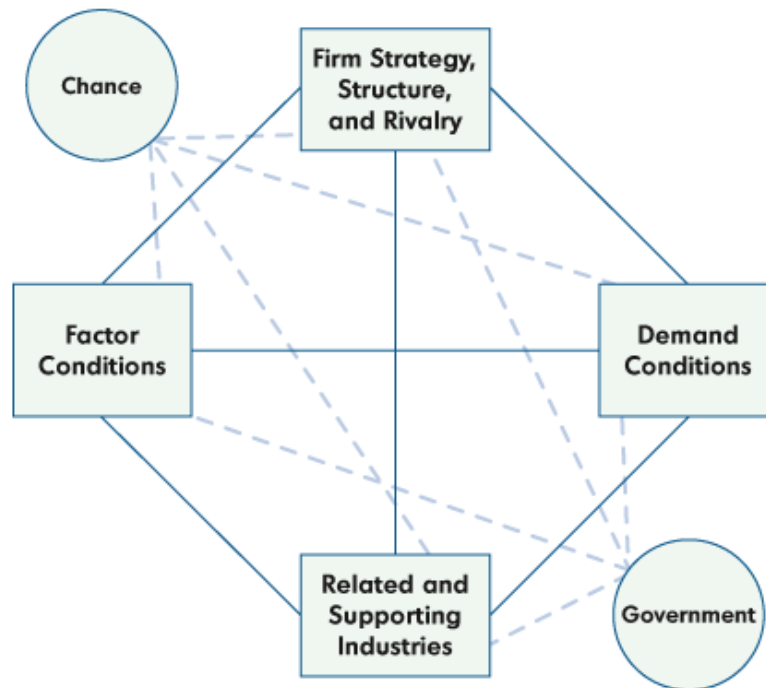
Figure 1. Porter's Diamond Model (Porter, 1998

Factor Conditions
Natural resources, historical and cultural sites, capital resources, infrastructures, human resources

Demand Conditions
Sophisticated tourists' preferences and demand, domestic markets vs. foreign markets, domestic tourism, outbound tourism vs. inbound

Government

Chance

Related and supporting industries
Accommodation, food and beverage outlets, transportation, entertainments and travel agencies

Firm strategy, structure and rivalry
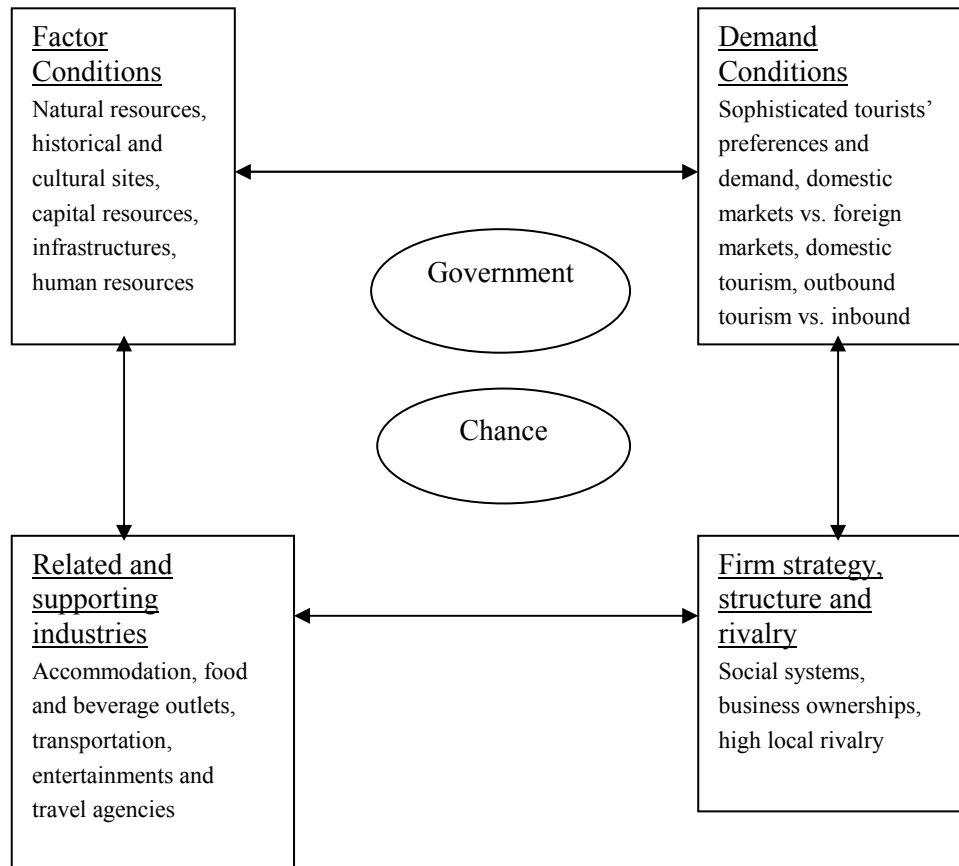Social systems, business ownerships, high local rivalry

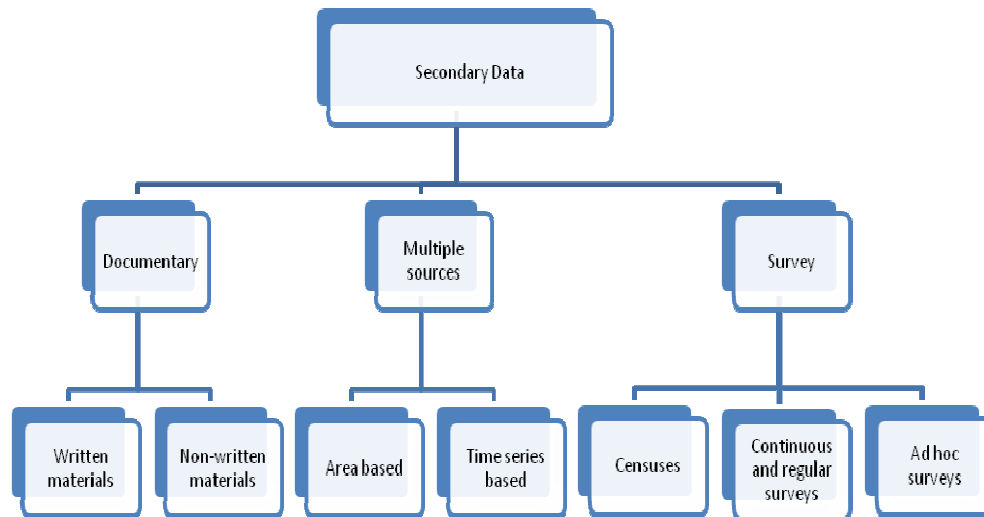Figure 2. Conceptual model for the tourism industry

Figure 3. Types of secondary data
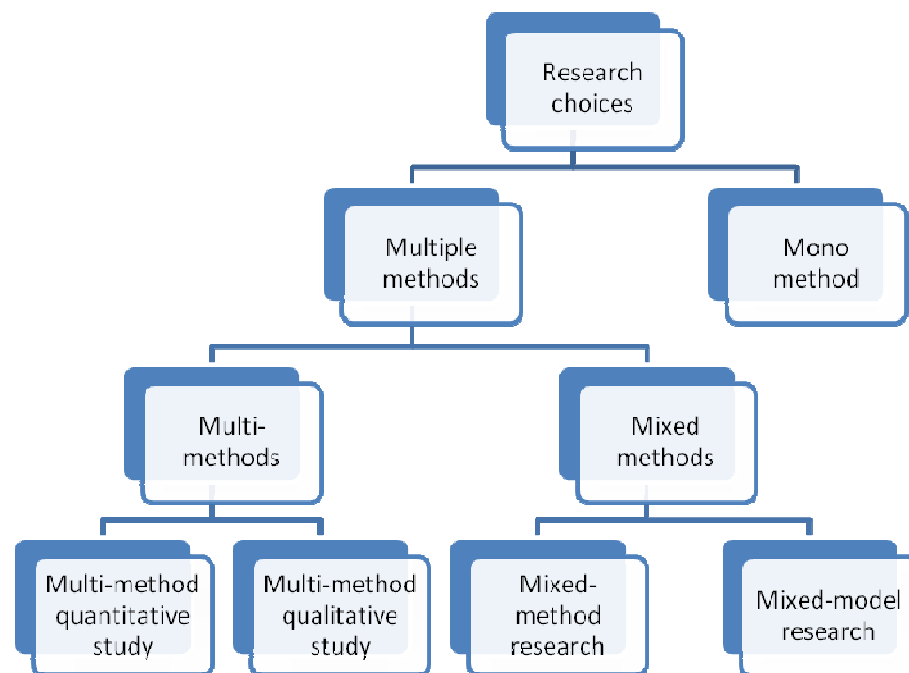*Source: Mark Saunders, Philip Lewis and Adrian Thornhill, 2007*

Figure 4 Research choices

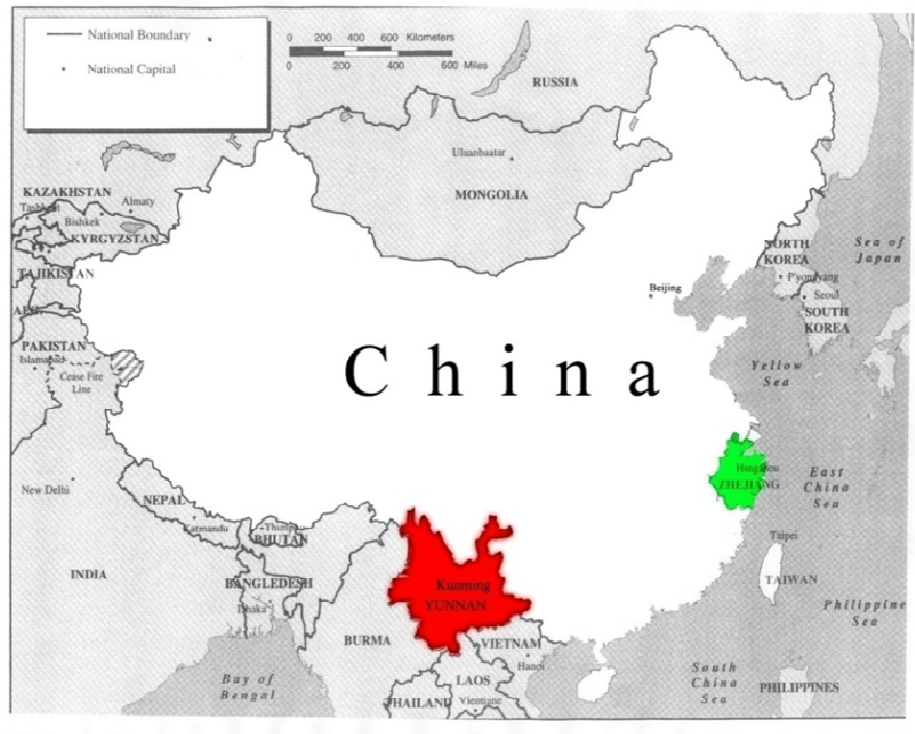*Source: Mark Saunders, Philip Lewis and Adrian Thornhill, 2007*

Figure 5. Location of Yunnan and Zhejiang province in China

Table 1 A qualitative analysis of the tourism in Yunnan & Zhejiang according to the porter's diamond model

	Yunnan	Zhejiang
Factor Conditions		
Natural resources, historical and cultural sites	***	*
Capital resources, infrastructures, human resources	**	***
Demand Conditions		
Sophisticated tourists' preferences and demand, domestic tourism, outbound tourism vs. inbound tourism	*	***
Domestic markets vs. foreign markets,	**	***
Related and supporting industries		
Accommodation, food and beverage outlets, transportation, entertainments and travel agencies	**	***
Firm strategy, structure and rivalry		
Social systems, business ownerships, high local rivalry	*	***
Government	***	*
Chance	**	*

* under-developed, ** moderately developed, *** developed