

The impact of tourism on economy of singapore essay sample

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Located in the southern tip of Malay Peninsula, Singapore is a sovereign city-state and island country in Southeast Asia. By 2012, the population of the country was 5.3 million, composed by 62 percent citizens and 38 percent permanent residents or foreigners. As a small country with limited resources, it is strategized to develop itself as a trading-based and tourism-based country. In 2013, there were 15.6 million tourists visited the country, and the tourism revenue reached 23.5 billion SGD (18.8 billion USD). Tourism plays an important role by contributing significantly to the country's GDP. In addition, it is also able to positively contribute to create job opportunities in Singapore. The report is to discuss how tourism impact Singapore's economy and as well what policies Singapore government should carry out to stimulate tourism industry or its relevant industry to sustain its economy growth. Impacts of Tourism on Economy of Singapore

Unlike other tourism countries in Southeast Asia, Singapore's tourism-based strategy is built upon man-made resources. The representative of Singapore includes Orchard road, which is a shopping center in downtown area. Other tourist places include Sentosa, which is a man-made island resort and night safari which allows tourists to observe animals and habitants at night without any barriers. Gambling is another important tourism destination in Singapore. As a main stimulator of economic growth in Singapore, tourism is closely associated with its economic sectors, including transportation, construction, retail trade, entertainment, and hotels and restaurants. The expense of tourists in Singapore has sustained its economic growth directly or indirectly.

According to the statistics from Travel and Tourism Economy Bureau of Singapore, travel and tourism contributed 18 billion Singapore dollars (13 billion US dollars), which is 7.3% of Gross Domestic Product (GDP) in 2009 (Chang and Yeoh, 2009). But as travel and tourism are associated with various sectors of the economy, its real impact is even larger. However, the figure is expected to grow 0.9% annually over the next ten years. From macroeconomic perspective, tourism has significant impact on Singaporean economy. Tourism is closely link with service industry, which accounts 66% of GDP in Singapore. As well, tourism will stimulate the output in sectors which is directly or in directly associated with tourism industry.

To evaluate the impact of tourism on economy, GDP is the most important and visualized indicator. GDP is defined as monetary value of all the finished goods and services produced within a country's borders in a specific time period, usually on annual basis (Chang and Yeoh, 2009). Normally the GDP is composed of all private and public consumption, government outlays, investments and exports less imports. In 2013, the direct contribution of travel and tourism to GDP was 19.1 billion SGD (15.3 billion USD), which accounts 5.3 percent of Singapore's GDP. And the figures are predicted to increase to 20.3 billion SGD (16.2 billion USD) and account 5.8 percent of Singapore's GDP (Khan et al., 2013). The figure is primarily associated with tourists' expense on accommodations, travel agents, airlines and other transportation services, restaurants and entertainment industries which receives direct support from tourists.

Employment is another one of the most important indicators to measure the impact of tourism. Many job opportunities are created by tourism in direct and indirect ways. In 2006, 140 million jobs were created by tourism economy in Asia and Pacific region, accounting 8.9% of total employment. It was reported by the International Labor Organization that a large population of female employees are engaged in hospitality industry. In 2010, the ratio of females to males engaging in hotels and restaurants was 48.5: 51.5, comparing with 39: 61 gender ratios for the Singaporean workforce as a whole.

The number of jobs created by travel and tourism in Singapore is expected to decline from 167,000 in 2009 (accounting 5.8% total employment) to 137,000 jobs (accounting 4.1% total employment) in 2019 (Rashid and Bashir, 2009). Furthermore, the employment multiplier of tourism in Singapore reaches 25, which means that a million SGD spent by tourists will create 25 new jobs. In the year 2010, the total work force population was 2.96 million, among which 67.3 percent was engaged in service industry, followed by 19.8 percent in manufacturing and 12.2 percent in construction. The tourism output multiplier is also at a high level, with every 1 SGD spent by tourist generating 1.97 SGD output and 1.05 SGD incomes.

Measures to Stimulate Sustainable Tourism

Normally the star rating system, which evaluates and grades the hotels, is an important reference for tourists in choosing hotels. The system sometimes is also applied to restaurants, and tourist's attractions. However, there are various star rating systems and none of them is universal. As well, the rating

systems reveal the brand management's evaluation instead of visitors' opinions. Abundance of star rating systems will always mislead or provide false information to tourists, which in turn generate tourists' dissatisfaction. The Singapore government should standardize the star rating systems into an official one.

Good news is that rather than star rating system, travel information websites such as Agoda or Tripadvisor increasingly provide instant feedback from previous visitors to anyone who selects among a variety of hotels, restaurants and tourists spots. It to a large extent helps tourists to decide where to stay, eat and visit in an easy approach. An official rating system or customer websites should be encouraged by government to improve the information quality that is important for tourists to select the most favorable accommodations and restaurants. Furthermore, the government should provide a way for customers whose needs are not met to express their dissatisfaction and praise excellent service providers.

As the expectations of tourists are enhanced year by year, the behaviors, knowledge and skills of staff and management in some cases are not always professional enough to deliver pleasant experience for tourists. Management and leadership skill are also important, particularly in small and medium firms, which are mostly likely to ignore the importance of service quality for tourists. The government should closely work with the industry to the improve behaviors, knowledge and skills of tourism sector staff in order to deliver higher standard service for tourists.

Comparing with other Asian tourist cities like Hong Kong and Kuala Lumpur Singapore is a tourist destination with relatively heavy tax. In addition to value-added tax, it is necessary for tourists to pay extra 7 percent consumption tax and 10 percent service charge in restaurants. It is much higher than other tourists' destinations. As well, the duty rebate policy in Singapore is less competitive. It is a huge disadvantage for Singapore to develop trade retail industry. Most tourists prefer shopping in a foreign country. For instance, it is well-known that Chinese tourists are keen on buying luxurious brands, like Louis Vuitton, Chanel and so forth. However, most of them choose to shop in Hong Kong where tax is low, rather than Singapore. The Singapore government should review its tax categories and amount for tourism economy in order to attract tourists whose main travel purpose is shopping.

Additionally, in order to advertise Singapore's tourism resources, the government can also manage to bid for sponsoring international big events, such as Olympic Games, World Expo and so forth. International big events could be a good chance for a country to introduce itself and shape its image across the world. As well, the big event can also stimulate the government to invest on improving infrastructures. There are a mass of successful experience in Asia. For instance, the 2008 Beijing Olympic Games attracted 130 million tourists to visit China in that year. Conclusion

Singapore is a multilingual and multi-ethnic country in Southeast Asia. Comparing other tourism countries in Asia like Thailand, Indonesia and even Malaysia, Singapore is an extremely small country with limited natural

resources and historical advantages. However, since its establishment, the country is strategized to develop it as a trading-based and tourism-based hub in Asia. To a large extent, the country's tourism strategy has achieved great success and tourism has a great impact on Singapore's economy.

The report evaluated the impact of tourism on Singapore's economy through two important economic indicators – GDP and employment. The report found that due to the contribution of tourists' expense on hotels, restaurants, airlines and other relevant industry, travel and tourism realized 19.1 billion SGD, which accounts 5.3 percent of Singapore's GDP. And the figures are still increasing. As well, tourism directly and indirectly helps to create job opportunities with high employment multiplier and output multiplier.

As tourism is an extremely important part of Singapore's economy, it is critical for the government to take proper measure to boost sustainable development of the tourism industry. The report made several policy proposal which may possibly help to boost tourism, including integrating an official rating system and encouraging customer feedback website, improving tourism staff's knowledge and skills, cutting tax and sponsoring big international event.

Reference

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