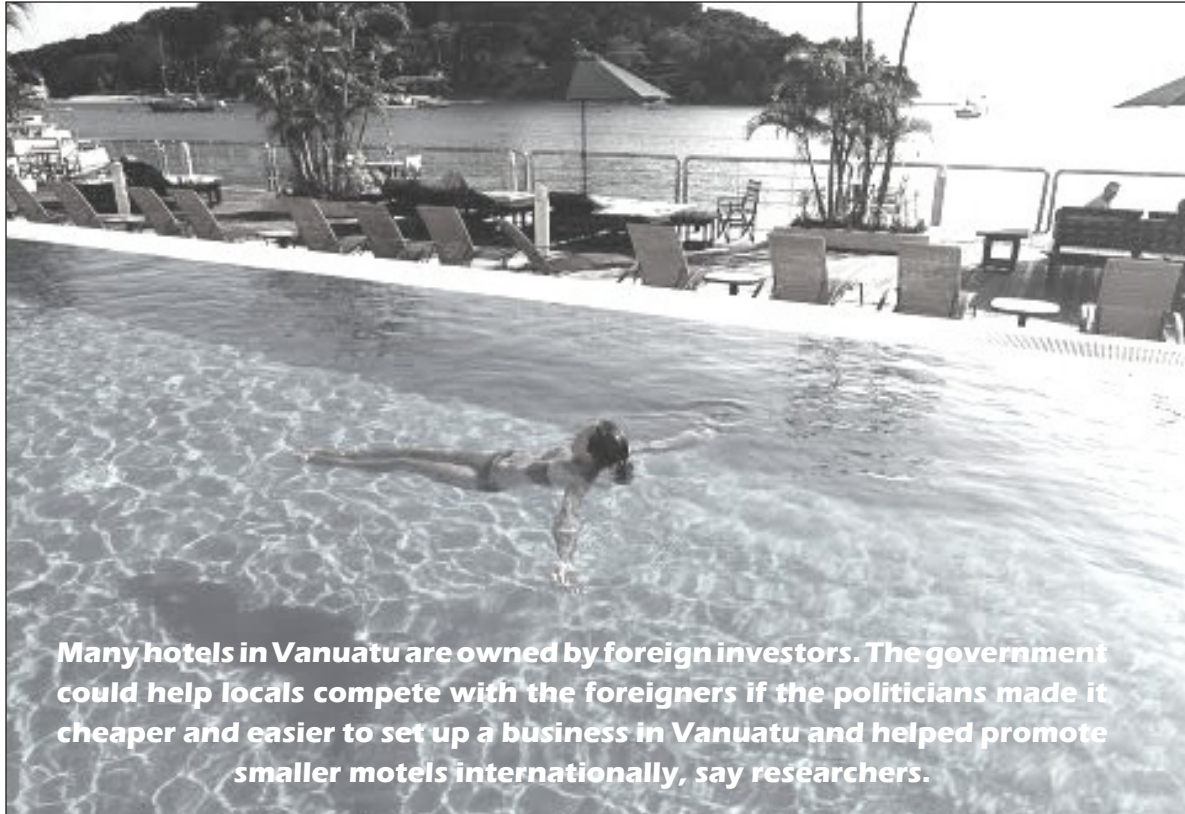


OTHER LOCAL NEWS

Government should make it easier to set up a new business: Researchers



Many hotels in Vanuatu are owned by foreign investors. The government could help locals compete with the foreigners if the politicians made it cheaper and easier to set up a business in Vanuatu and helped promote smaller motels internationally, say researchers.

By Lise Brix

The costs of founding a company in Vanuatu are high and the government should make it easier and cheaper to set up a new business.

This is stated by two economists who recently published new research on the economics of tourism and growth for Vanuatu and other small island countries.

The researchers say that if the costs of starting up a business in Vanuatu were reduced then it would make it easier for locals to compete with the many foreign investors in the tourism industry.

"At the moment there are few large hotels that dominate the tourism hotel industry and given that the cost of market entrance is high, it only encourages the presence of the existing ones, which are foreign owned," says Ronald Ravinesh Kumar from University of the South Pacific (Fiji), who's one of the authors of the new study.

"While the local start-ups and businesses may be constrained by resources to build hotels, we believe they can still enter the market although in a smaller scale," said Mr. Kumar.

The researchers told Vanuatu Times that they "would recommend that the government should try to reduce the procedures of opening a business and especially to reduce the fees it requires from company founders."

"For example, according to the World Bank it costs on average 44% of the local GDP per capita to start a business. Although, Vanuatu has halved these costs in the last ten years, they are still too high," said Peter Josef Stauvermann, who is a professor of Economics at the Changwon National University in Korea.

The problem with the high cost of setting up a business is that it's "nearly impossible to find a

financial institution which is willing to finance these expenditures, if no security can be offered by the founder," says Professor Stauvermann.

He recommends that instead of requiring money for founding a company the government of Vanuatu should support people wanting to start up a new business.

"The government should consider supporting people financially - maybe only by giving credit guaranties - if they are willing to start a business and can offer a proper business plan," says Mr. Stauvermann.

The researchers say that there could be a number of benefits if the government makes it easier and cheaper for people to set up a new company. One of the main results of their new study is that politicians should consider applying policies, which lead to a competitive environment because

this could lead to economic growth and better-paid jobs.

"Our study highlights that when there is greater competition in the sector, the economy benefits as a whole," says Ronald Ravinesh Kumar.

"The competitive environment we're referring to is more focused on efficiency, price competition, better services and hotel sectors with high skilled workers. The underlying intuition is that if you have more small and middle-sized companies instead a few big ones, the former create more competition in the sector and better paid jobs than the latter," Mr. Kumar told Vanuatu Times.

He stresses however, that it's important for new, small motels to provide quality rooms and services, which meet basic standards of hygiene, conditions of rooms etc.

"Governments can promote small motels of high standard which can attract tourist and also create greater degree of competition in the sector," says Ronald Ravinesh Kumar.

The researchers also recommend that more training should be available for people who are interested in starting their own tourism business.

"Many tourism businesses in Vanuatu are run by expats. It is surprising to see that while tourism is an important industry for the small Pacific Island Countries, there is no holistic training in this area, with exception to university education, which mainly provides grounding in the academic direction.

If we were to advise on a policy, we would say that there needs to be a centre for tourism studies and research, which should be in position to provide holistic training for small business firms and individuals - locals especially - who wish to start a career in tourism in the country," said Mr. Kumar adding:

"The centre should be able to provide timely information on tourist preferences and demand forecasting, which can be useful for both small and large businesses alike. A great number of tourist products are developed when we understand the preferences of tourists."

Another recommendation from the researchers is for the government to help smaller businesses that are operating as motel services to advertise internationally.

"There is a huge need for advertising and marketing for these small businesses to get the right customers. Also building trust with customers - tourists - is very important. Government can focus resources in this area in regards to training and development. However, maybe the government should consider to copy a little bit the Korean policy by developing a general plan, how to promote and support promotion of Vanuatu and its local businesses internationally," said Professor Stauvermann from Changwon National University in Korea.

Despite all the recommendation on how to improve the tourism in Vanuatu the researchers also stressed that they were impressed by the development that had already happened in Vanuatu.

"We see Vanuatu as one of the countries that have improved tremendously in regards to infrastructure development. Moreover, it is one of the safest places on earth to travel. We think Vanuatu can be very competitive in tourism in general," said Mr. Stauvermann.

The new study by Mr. Stauvermann and Mr. Kumar was recently published in the scientific journal 'Tourism Management.'

THIS WEEK IN QUOTES

"There should not be any differences on how we look at each other or on how our children are educated. I congratulate the minister's desire on this because it should eliminate the differences between the Francophones and Anglophones."

- Caroline Mermer told The Daily Post that she appreciates the Minister of Education, Jean Pierre Nirua's plans to make all schools bilingual in the future.

"These records are very important documents and so is this department; it is the 'heart of the country' because this is where you get all the necessary papers to access service or have all the proofs that you're a citizen of this country."

- Alfred Maoh, The Minister for Internal Affairs, during his visit to the Civil status archive room where records of births, deaths and marriages dating back as far as 1800s are kept according to The Independent newspaper.

"Our Pacific Islands have already seen people displaced, and people die because of climate change. Climate Change is a very personal and close to home global issue."

- Tevita Lavemaau, Tonga's Minister for Revenue, during last week's Oceania 22 Summit Meeting in Noumea, New Caledonia.

"As Minister responsible for tourism, I wish to extend my appreciation for Malapoa College who gave up their study time and spent the day cleaning up Port Vila. This is a fine example and it is for the same reason that I am setting up a special committee on 'Cleaning and Beautification of Port Vila'."

- Joe Natuman, Deputy Prime Minister and Minister responsible for Tourism, in Daily Post.

"Whenever it's Election Day I have to encourage my people to go to the polling station to vote for the government of this nation. They often ask me, where is the government that we are voting for? I told them we won't be able to see the government until the government will decide on its own to visit us."

-Chief Molitamata from Balakovanua village in Santo in the documentary 'The Last New Hebrideans'. The documentary tells the story of his people, who say they have never been visited by any government worker from 1980 until today.