

Chapter 10: Contributions of Tourism to Economic Development

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LEARNING OBJECTIVES

- examine the economic effects of tourism on a global, regional, and local level,
- understand the economic benefits and costs of tourism,
- examine several methods for measuring economic impacts,
- develop an understanding of how to develop indicators and monitor impacts,
- examine some of the obstacles of obtaining economic benefits through tourism activity,
- consider some strategies for maximizing economic contributions.

INTRODUCTION

There is a growing recognition that innovative approaches must be adopted in order to maintain the economic health of a number of countries, communities, and regions. Many communities and professionals involved in community economic development now agree that the "smoke stack" chasing directions of the past were inappropriate and not realistic given local, national, and global realities. While conditions vary from region to region, tourism has been seen as an important form of economic development. It has also been promoted as a somewhat benign agent of economic and social change, a promulgator of peace through interaction and dialogue, and a service-based industry capable of creating employment and income. The perception that tourism has only positive economic benefits has lessened in recent years due to the growing awareness and knowledge of the more intangible and indirect economic costs of tourism.

While we would argue that tourism does offer an important alternative form of economic activity, it must be seen as only one component of a larger series of development initiatives within any economic system. That is not to say that tourism in selected circumstances cannot be the major source of income and jobs in a community or region, but rather that the impact and role of tourism will vary from region to region. Experience has shown that tourism may take many forms and meet a number of tourist motivations. Experience has also shown that destinations can rise and fall in popularity, driven by various factors in the destination's internal and external environment (e.g. political unrest, natural catastrophe, demand or supply-side problems). A destination that is entirely dependent on tourism is much more vulnerable to these shifts than an economy that is well-diversified and has tourism as one of its industries.

This chapter provides an overview of the economic contributions of tourism, through an examination of its economic benefits and costs. This chapter also discusses the measurement of economic impacts and the monitoring of economic activity. Obstacles to economic contributions and strategies to manage these issues are also explored.

UNDERSTANDING ECONOMIC IMPACTS

The Economic Effects Of Tourism

Statistics provided by the World Tourism Organization (WTO) are helpful in understanding the economic significance of tourism at a global level. Preliminary estimates indicated that international tourist arrivals from abroad numbered 531,388,000 in 1994, while total receipts from international tourism in 1994 amounted to (US)\$335,780 million (WTO 1995a). The East Asia/Pacific region is experiencing the highest growth since 1980 (6.66%). International tourism receipts grew faster than world trade (commercial services and merchandise exports) in the 1980s and now constitute a higher proportion of the value of world exports than all sectors other than crude petroleum/petroleum products, and motor vehicle/parts/accessories (WTO 1995b). Travel and tourism is also the world's largest creator of jobs in most countries, providing employment for over a hundred million people worldwide, and contributes about US\$166 billion of tax revenues (WTO 1993). International tourist arrivals are forecast to grow from 456 million in 1990, to 660 million in 2000, and to 937 million in 2010, a doubling in two decades (WTO 1995b).

The ability of a tourism destination to attract tourism revenues is influenced by a complex number of characteristics, such as:

- political constraints and incentives (how attractive are the taxation policies regarding local and foreign investment and imports),
- the resources and conveniences offered (attractions, transportation, access, hospitality, medical and other services, pricing, etc.),
- market characteristics (visitor tastes and preferences, disposable income, propensity to travel, proximity to destination, etc.),
- political stability
- the ability of the destination to market and promote itself effectively.

One source of economic data on the economic significance of tourism for a country is its balance of payments, which is a record international transactions of a country. Tourism can be seen as a significant economic contributor since international visitors are a valuable contributor to GNP and a source of foreign currency. Kenya is an example of a country where net foreign exchange earnings from tourism are a significant percentage of gross receipts (90% in 1989) while the figure was 10% for Mauritius in 1990. ¹ There can be no doubt that from a balance of payments point of view, Kenya's tourism industry is very important to the country. In the early nineties, tourism's share of GNP varied from 6% in Tunisia to 18% in the Maldives to 32% in Barbados. ²

The primary and secondary effects of tourism expenditures are discussed later in this chapter. In its most tangible form, the economic benefits of tourism can be summarized as a "gross increase in the wealth or income, measured in monetary terms, of people located in the area over and above the level that would prevail in the absence of the activity under

¹ EIU (1992). Tanzania. The Economist Intelligence Unit, International Tourism Reports, No. 2.

² "Sustainable Tourism Development" in *Industry and Environment*, Vol. 15, # 3 and 4, July - December 1992. *Industry and Environment* is a publication of the United Nations Environment Program Industry and Programme Activity Centre.

study.”³ There are a number of potential tangible and less tangible economic benefits and costs which are summarized below.

There are a number of potential economic benefits of tourism development. They include:

- increased resources for the protection and conservation of natural and cultural heritage resources,
- increased income and standard of living from tourist expenditures,
- increased induced income from tourism expenditures,
- new employment opportunities,
- increased community visibility leading to other economic development opportunities,
- new induced employment opportunities,
- increased tax base,
- improved infrastructure and facilities,
- development of local handicrafts.

There are also a number of potential costs:

- seasonal employment,
- low status/paying jobs,
- inflation,
- increased costs (land, housing, food, services),
- pollution,
- increased traffic/congestion,
- negative impact on cultural and natural heritage resources (which could affect tourism revenues over time),
- increased crime,
- increased taxes,
- leakage of revenues and external domination,
- over-dependence on tourism as a prime economic activity.

In addition to the economic costs discussed above, there are other costs that may have an indirect or long-term impact on economic contribution by tourism. For example, land values may change as high priced projects replace traditional and less profitable land-uses. If agricultural land owners choose to sell or develop their land for tourism purposes, the tourism economy may have to rely on some food imports to feed the tourists and locals. The loss of traditional land values can also have an impact on the local heritage and sense of place. Moreover, conflict may occur between those land-owners who don't wish to see the loss of this historic character of their community and area, and pro-tourism proponents. Residents and speculators who suffer or benefit from the rising land prices might join into the fray. Such conflict could escalate as tourism pressures increase, and the resulting scars on the community might take a long while to heal. This short example helps to illustrate that understanding and measuring economic impacts is more complex than measuring only direct impacts.

It is also important to view economic impacts from a long term perspective. Environmental degradation and pollution will have short term environmental costs and the associated

³ Frechtling (1987), page 328.

economic costs to repair the damage of the pollution. There could also be considerable long-term economic costs to the local, regional, and national economies if the destination is no longer desirable due to the effects of degradation and pollution.

MEASURING TOURISM ECONOMIC IMPACTS

A major objective of any tourism planning and development process should be to minimize negative impacts and ensure that the benefits are realized in an equitable manner. While there are significant problems with achieving this objective, there is growing recognition that sustainable tourism approaches will help in making this happen. There are a number of methods for measuring the economic impacts of tourism activity, some of which are discussed below.

Measuring the economic impact and employment creation activities of tourism should be carried out in an integrated fashion, taking into account direct and indirect job creation as well as the economic well being of the community (taxes, infrastructure development, and provision, resources for education, etc.) While employment creation is seen as an important objective, concern for the overall local economy must also be a major consideration. As has been discussed, this implies that jobs and economic benefits may be realized from a number of sources other than tourism. It may also imply that jobs are created as the result of private sector entrepreneurial activity as well as community initiative (i.e. cooperatives, development corporations, training opportunities, as well as local support for tourism initiatives through the provision of infrastructure).

Supply-demand and price elasticities

The economic contribution of tourism activity to a community or region is influenced by a diverse number of factors within and outside the destination. Given this diversity, it is difficult to calculate impacts due to the wide range of impacts associated with tourism economic activity, the diverse number of participants in the activity, and the complex inter-relationships between various sectors.

Tourism economic activity is often explained using the concept of supply and demand. A number of variables influence the demand and supply of a tourism product or service. For example, if the price of a hotel room increases, demand may decrease, as visitors seek other locations or accommodation sources, and the supply of available hotel rooms therefore increases. The supply-demand relationship of tourism goods and services can be influenced by factors such as the price elasticity of demand for tourism. When demand is price elastic, a lower price could generate a higher demand and hence higher revenues. Similarly, if demand is price inelastic, a lower price could result in lower overall revenues. Knowing the price elasticity of demand can aid tourism service providers in designing their product mix. However, a number of factors affect price elasticity, making it difficult to calculate.⁴

Direct and indirect effects of tourism dollars

The economic benefits of travel and tourism can be derived directly or indirectly. The

⁴ A good discussion is provided by Lundberg, Donald E., Krishnamoorthy, M., and Stavenga, Mink H. (1995). *Tourism Economics*. NY: John Wiley and Sons.

primary effect is *direct* benefits which result from direct tourist expenditures for goods and services in the destination. These are realized through business receipts, income, employment, and government receipts from the sectors that directly receive the tourism expenditure.

Indirect benefits are generated by the circulation of the tourism dollar in the destination through inter-business transactions in the domestic economy. For example, indirect benefits can be generated from the investment and spending by the businesses who benefit directly from tourism expenditures. The direct business receipts, when re-funneled as investments or used to purchase other goods and services from domestic suppliers (who, in turn, purchase goods and services from other domestic suppliers), while stimulating income and employment in other sectors.

In addition, the spending of tourism dollars within the destination can create *induced* benefits. As income levels rise due to the direct and indirect effects of the change in the level of tourism expenditure, some of the additional personal income (related to the change in tourism expenditures) is spent within the destination. This results in induced benefits, such as local income and jobs in the local goods and service sector. Hence, the spending by tourists at the destination can create direct benefits in tourism related services and sectors such as accommodation, hospitality, attractions, events, and transportation. This spending can also create a significant amount of indirect and induced benefits in other sectors such as agriculture, construction, and manufacturing. Indirect and induced benefits are also referred to as the secondary effect.

Multiplier Model of Tourism Revenue Turnover

Multipliers measure the effect of expenditures introduced into an economy. Tourism multipliers are used to determine changes in output, income, employment, business and government receipts, and balance of payments, due to a change in the level of tourism expenditures in an area. For example, if tourism expenditures increase by 15% due to attendance at a special event in the destination, some of this added revenue (first round of expenditures) may be used by the event to purchase food and other goods from the local economy, as well as on wages, salaries, government taxes, etc. (second round of expenditures). The suppliers to the event may then spend the money received from the event toward other goods, services, taxes, etc.; generating yet another round of expenditures. Employees from the events and local suppliers to the events may take the additional personal income, derived from the direct and indirect effects of the increase in tourism expenditures, to consume local goods and services.

Some of the added revenues from the increase in tourism expenditures may, however, undergo leakage. For example, revenues may leak out of the local economy in the form of payment for imports or moneys saved (without re-investment). Import payments can take several forms, such as repatriation of profits to foreign corporations and salaries to non-local managers, as well as payment for imported goods and for promotion and advertising by companies based outside the destination. Tourism related commodities and services can be purchased from within the destination thereby reducing leakages through the creation of economic interrelationships among the goods and service providers in the destination.

The net effect of the successive round of spending of the added tourism expenditure is the

multiplier effect. In essence, the tourism multipliers attempt to capture the relationship between the direct tourism expenditure in the economy and the secondary effect of the expenditure upon the economy. Some of the factors which affect the multiplier are the size of the local economy, the propensity of tourists and residents to buy imported goods or services, as well as the propensity of residents to save rather than spend (where saving reflects money kept out of circulation, i.e. not re-invested). In mathematical terms, the multiplier can be shown as:

$$\text{Multiplier} = 1/(1 - C + M)$$

where C = marginal propensity to consume (i.e., the proportion of any increase in income spent on consumption of goods and services),

where M = marginal propensity to import (i.e. the proportion of any increase in income spent on imported goods and services).

Some common multipliers are:

- The income multiplier - measures the extra domestic income (primary and secondary) generated by an extra unit of tourism expenditure.
- The employment multiplier - measures the increased number of primary and secondary jobs created by an extra unit of tourism expenditure.
- The government multiplier - measures the extra government revenue created by an extra unit of tourism expenditure.

Multipliers can be calculated for a country, region or community. However, the information provided by tourism multipliers has to be evaluated with a great deal of care. Factors such as the size of the destination can affect the multiplier significantly. A smaller economy may have a much smaller multiplier than a larger one since more goods and services might be imported to meet the tourists' needs, resulting in a greater leakage of revenues out of the destination. Hence, multipliers may vary greatly among communities within a country or region. Furthermore, since tourism multipliers can be calculated in a number of different ways, care must be taken when comparing the multipliers of different countries. Multipliers should be examined along with other measurements and indicators to determine the positive and negative economic impact of tourism on the community.

Input-Output Analysis

Studies of the economic impacts of tourism generally include input-output analysis. This kind of analysis helps to demonstrate how economic sectors are related, the number of linkages, and the effect of these linkages. This form of analysis is, therefore, a means of analyzing inter-industry relationships in the flow of goods and services in an area's economy, through the chain of producers, suppliers, and intermediaries through to the final buyer.

Input-output analysis commences with the development of a table that illustrates, in matrix form, how transactions flow through the economy over a given time period. The rows of the matrix allow us to see the sales of the total output by each sector to every other sector. The columns demonstrate the inputs required by every sector from the other sectors. When assessing tourism accommodation, the rows in the table would demonstrate the output, i.e. the revenues generated by each industry from the sale of products or services, including

accommodation, meals, tour guides, and related services such as laundry, medical services, etc. The columns would allow us to see the inputs (goods, services, labor and capital) that go into the output of the accommodation sector, including food, utilities, paper products, advertising and promotion services, wage and salary levels, etc.

Using a combination of matrix manipulations, multipliers can be calculated to provide an assessment of the effects of different sectors on each other. While input-output tables are helpful in understanding the linkages of the sectors in the economy, it must be remembered that the information obtained provides a snapshot of inter-industry economic actions at a point in time.⁵

Tourism Satellite Accounts

Satellite accounts provide comprehensive information on a field of economic activity, and are generally tied to the economic accounts of a nation or region. The Tourism Satellite Account is a relatively new phenomenon. For example, the British Columbia Ministry of Development, Trade and Tourism (in the Province of British Columbia, Canada), has developed a Tourism Satellite Account, as a separate input-output model designed to display tourism's contributions to the province, related to the overall input-output model of the Province.⁶ A Tourism Satellite Account has also been developed by Statistics Canada in order to assess the significance of tourism to Canada (e.g., its size, structure, economic importance). The Account uses concise definitions of tourism and attempts to provide a clear and real measure of tourism-related economic activity. Both direct and indirect tourism activities are accounted for in areas such as, but not limited to, demand, supply, employment, taxes, etc. Such a tool is crucial to help determine the complex spending patterns of visitors and the goods and services that cater to their needs. Some of the advantages of the Tourism Satellite Accounts can be summarized as follows:

- Tourism Satellite Accounts help governments and businesses determine the value of tourism to the economy, and thereby develop strategies for ensuring competitive advantage.
- Tourism Satellite Accounts identify the amount of the benefit enjoyed by various sectors and the employment, income, taxes, and other benefits that flow from these sectors.
- Tourism Satellite Accounts provide a comprehensive picture of the size and scale of tourism in the country, and can help to gather support for ensuring that sustainable tourism development principles are adhered to.

Cost-Benefit Evaluation

⁵ Archer (1977, 1982) and Fletcher (1989) point out a number of advantages and disadvantages of input-output analysis.

⁶ see Burd (1991), in "Travel, Tourism and Hospitality Research: A Handbook for Managers and Researchers", 2nd edition, J.R. Brent Ritchie and Chuck R. Goeldner, NY: John Wiley and Sons, Inc., 1994, page 372.

By applying a number of economic tools and methods, destinations are able to obtain a large array of economic information on tourism, which can be used to make decisions. In assessing this information, analysts, planners, and managers have to determine not just whether jobs and wealth are created, but also how the benefits are distributed, what costs result from the development process, and whether the benefits of tourism outweigh the economic, social and cultural costs. It is clear that economic analysis needs to be integrated with other data (environmental, social, cultural, etc.) to provide a reasonable indication of whether tourism is a good strategy for the destination. Cost-benefit analysis is an important activity to perform, but is also difficult to carry out, since a number of the costs are very difficult to quantify. How does one measure the 'sense of place' or 'spiritual happiness' of a population? How does one quantify the loss value of habitat fragmentation to ecological integrity? While strides are being taken in developing full-cost, environmentally-based accounting, some measures may need to remain qualitative rather than quantitative.

Full-scale cost-benefit analysis, while recommended, can therefore be time consuming, expensive, and difficult to conduct. Another challenge in cost-benefit analysis lies in identifying who benefits and who pays the costs of tourism.⁷ Smaller cost-benefit analyses can be conducted on specific issues to provide information related to tourism.

MONITORING ECONOMIC IMPACTS

The previous section demonstrates some of the challenges of evaluating the economic costs and benefits of tourism. Such an evaluation, it has been argued, needs to be undertaken within the context of the overall economic development of the destination, and should also be integrated with an analysis of the environmental, social, and cultural cost-benefits of tourism. This task can be facilitated by ensuring that proper indicators are established for evaluating and monitoring these costs and benefits. Many destination areas have lacked the willingness and capacity to monitor and evaluate the effects of their planning with the result that essential data is lacking in many areas

The setting of monitoring criteria and thresholds is becoming increasingly important in tourism given the many ambitious claims that are made concerning the potential of tourism to satisfy a range of cultural and societal goals. Often claims of the benefits of tourism have been based on anecdotal information or optimism, rather than a scientific assessment process (with a few exceptions). Growing concerns for global environmental sustainability will force greater accountability of the economic impacts of tourism.

In better financial times it was possible to make claims and not provide justifications for these claims. There is no doubt that in these difficult economic times, tourism benefits will have to be well understood and documented if public and private sector funding is to be allocated for developmental purposes. We would argue that it is essential for the ongoing health of tourism development, that it become more sophisticated in understanding and documenting the benefits and costs of using tourism as an important development tool in meeting the goals of a society.

⁷ See Ritchie and Goeldner (1994) for a discussion on this and on the rules and recommendations for doing a cost-benefit evaluation (p.447-449).

The following section provides some direction on the development and use of indicators for monitoring tourism impacts. Indicators for the tourism industry should include measures for the quality of visitor experience, and for visitor satisfaction, in order to help gauge how future visitation may be impacted.

Indicators in Tourism Monitoring

One of the important first steps in ensuring quality monitoring and evaluation in tourism is to establish indicators which can be used to measure success and failures. Given the interdisciplinary and wide ranging impacts of tourism, it is impossible to deal with all variables and therefore reliable indicators will help the assessment process. Some of the factors to be considered in developing and using indicators include:

- The development and use of indicators can be costly and time consuming and a commitment must be made early on in the process "to stay the course". Then the process should be carefully assessed in order to ensure that the information being produced is accurate and useful in future decision-making.
- Not all indicators are of equal weight and the use of a differential weighting system often must be instituted.
- The process of assessing community economic impacts created by tourism may produce conflicting results. The assessment process must recognize the need to both consider and balance these conflicts.
- The information gathering process should enable the utilization of data in varied situations. For example, data on the characteristics of visitors to a site might be used for assessing economic impacts as well as refining an interpretive program, and for guiding the development and assessment of strategic tourism plans.
- The development of indicators will have to be undertaken as a serious first step in being able to make the case for the role that tourism plays in community economic development.
- For indicators to be designed and used effectively, joint agreement on the nature of the information to be collected by a range of actors is necessary. This agreement is important to allow collective experiences guide the process and ensure that the data is perceived to be legitimate by the scientific, public, and other stakeholders in the domain.

The use of indicator data and its dissemination will not always demonstrate the effectiveness of tourism in economic development, since situations will exist where investment cannot be seen to be justified strictly on employment and wealth creation grounds. A full impact assessment of the overall costs and benefits of tourism may demonstrate other societal benefits or costs which may influence the decision to allow or encourage tourism. For example, if the values of national or spiritual happiness of a population are being threatened by negative social and economic impacts, the destination may want to consider management strategies such as limiting visitation levels or instituting zoning plans to separate tourism and local interactions in order to protect these values. These measures may be necessary despite the fact that there are higher local incomes generated from the tourism activity.

The Assessment Process

For the assessment process to have any influence, it has to be future oriented and tied into the plan making and policy process. The impact management process will therefore require the following:

- an improved planning and management development approach which requires ongoing assessment,
- coordination and cooperation among a wide range of actors (including specialists government officials),
- the training of existing and future training personnel in monitoring techniques,
- the establishment of an ongoing organizational structure to conduct monitoring activities.

TOURISM EMPLOYMENT AND BUSINESS DEVELOPMENT

In order to assess the nature of economic opportunities that can be created through tourism development, it is useful to examine a number of different community sectors:

Public Sector

This sector of the tourism industry does not often receive sufficient attention or funding. However, it has become evident that development control, facilitation, and the regulation of the physical and natural environments are essential to the ensuring success of the tourism industry. Trained professionals and officials (e.g. municipal officers, town managers, tourist information officers, economic development officers, main street coordinators, planners) are required to carry out this facilitation and development control. Trained and sensitive public sector actors are also urgently required to help municipalities and regional organizations achieve their tourism potential. In some instances, existing staff must be educated and trained, while in other cases new positions will have to be created and staff trained to fill them.

Accommodation and Hospitality Sector

This sector is well understood from a traditional business and organizational perspective. It requires a wide range of skills and knowledge in various businesses, ranging from personnel for the accommodation sector (large to small hotels, motels, bed and breakfast operations, etc.) to food and beverage services (restaurants, fast-food chains, etc.). Since tourism is service oriented, training is required to ensure that employees who interact with the tourist, provide a service experience which meets visitor's needs and expectations. The challenge is to ensure that local people can participate effectively in the tourism activity as employees and entrepreneurs.

Tour and Outfitting Sector

Guided tours and equipment rental and maintenance facilities offer significant employment and business development opportunities. In many instances, little effort has been made to offer these services in a proactive manner. Guided tours, such as walking, cycling, hiking, back-country tripping, cross-country ski trips, and canoe and boat trips, offer a means for encouraging the tourist to spend a longer period of time in an area.

Other ventures, such as outfitting (guided fishing and hunting trips, and fishing and hunting lodges) also provide for longer stays. Related rental and maintenance facilities for equipment, e. g. bikes, canoes, and boats, are an indirect requirement for ventures of this

nature; thus, opening other avenues for local employment.

The focus for tours and outfitting should be on locally operated guided trips if the revenue is to remain in the community. This helps to ensure that local guides and foods are used, thus reducing the leakage of revenues generated by tourism activity. This is particularly important in environmentally sensitive areas.

Attractions Development and Management

Cultural experiences and activities are also important trends in tourism. The development of ventures that involve traditional activities, such as food, dance, music, festivals, plays, and reenactments can be important attractions. Historic sites, museums, and museum villages require trained interpreters, site managers, designers, and craftspeople. Sustainable tourism approaches would encourage local participation and control of these activities. This participation would allow for local benefit as well as the appropriate use of local traditions, knowledge, and skills.

Many communities and regions with unique ethnic and cultural populations have the opportunity of exposing other cultures to their way of life while generating income for individual families or groups as well as the community. A good example is the “Living on the Land” program which operates in Canada’s north. Tourists have the opportunity of living with an aboriginal family for a day or week long experience often attending a fishing camp in the Arctic. A tour company in Inuvik handles the booking of tours. The local culture as well as a traditional meal are part of the tourism experience. The company also provides links with other operators offering river tours, visits to a reindeer station, and nature tours.

Arts & Handicrafts

The development of cottage industries for arts and handicrafts is an important source of full or part-time employment.

Working Holidays

Working holidays on farms and in fishing villages have great potential. Farm holidays have been developed and have achieved some success in North America as well as many areas of Europe.

OBSTACLES TO CREATING ECONOMIC DEVELOPMENT FROM TOURISM

Market Obstacles

The potential for a region or municipality to attract tourists on a long-term basis is a key factor. Much of tourism activity is dictated by what is considered “popular” at a given point in time. In addition, the ability and interest of tourists to travel and how far they are willing to travel is dependent on a variety of factors, such as income levels, cost of fuel, job security, physical condition and mobility, as well as travel motivations.

The ability of a community to conduct a reliable market survey, identify a positioning strategy, and promote itself is essential. However, this requires a skill and knowledge that is often lacking in many areas. In addition, cooperation in the marketing effort is important

but difficult to achieve in many urban and rural settings.

Community Obstacles

Negative perceptions of tourism are often found at the local level. Tourism activities are not generally viewed as “viable” or “appropriate” business ventures. Generally, tourism is viewed as a short-term activity until more appealing and profitable employment can be found, since many tourism positions pay low wages and are seen as low status occupations. These perceptions act as a deterrent to local people participating in tourism related employment.

There is also the problem of local residents objecting to tourism because of the loss of privacy and increased congestion in the community that may come with tourism activity. Overcoming these negative feelings and providing for a hospitable host community is an important challenge.

Environmental Obstacles

The emphasis in much of tourism activity tends to be on attracting larger numbers of tourists to a region or site posing problems for environmentally sensitive areas. It is clear that some environments may have to generate high yielding tourist activities to generate sufficient income while protecting social and natural environments. This is difficult to accomplish in the highly competitive tourism market.

Accommodation Obstacles

A major challenge of ensuring the role of the community in creating and managing the accommodation sector is to develop the necessary managerial capacity and service capacity within the community.

Lack of Integration

There is limited integration and cooperation between many tourism businesses given that, for the most part, the local tourism industry tends to be fragmented or lacking in tourism expertise.

Institutional Obstacles

There is very little coordinated governmental support and promotion for tourism initiatives. In addition, governmental activities are often poorly structured to help plan and manage tourism. In other instances, political and other ideologies make tourism planning and management difficult to implement.

Employment and Training Obstacles

There is a serious lack of training and education opportunities in tourism planning and management. The training that is available is often very narrow in focus and does not address the broader context of tourism and the range of potential opportunities. The scarcity of employment equity and opportunities for women is a serious obstacle in ensuring an equitable distribution of the benefits of tourism activity. In addition, access to education and training is limited for a number of disadvantaged groups.

ELIMINATING OBSTACLES TO CREATING EMPLOYMENT IN THE TOURISM SECTOR

The actual extent of employment generated by tourism ventures is contingent upon a variety of factors. One of the primary factors is the quality and extent of the resources available in the area (heritage resources, uniqueness of the landscape, traditions, etc.) and the nature of the market for these resources. Of equal importance is the ability and willingness of local tourism businesses/operators and governmental bodies to develop plans, market effectively and reach an appropriate target audience. “Commercial success will accordingly depend upon designing original, high-quality products and services, innovative marketing and effective quality control”.⁸ (

Better Planning and Management

Tourism strategies and plans must be developed at the local level with local people involved in the planning to implementation and management stages. Leadership and direction must come from the local level with community development or community economic development approaches employed to empower local people in assuming responsibility for tourism planning. This helps to increase local control over tourism activities and investments, thereby reducing the potential of leakage and loss of quality of life.

Tourism strategies and plans must be linked with a broader set of initiatives and community or economic development plans. They must be afforded the same status and importance as other local plans and they should be viewed as a component of broader community goals.

Coordination

There needs to be more coordination at both policy and action levels among the various agencies involved and among the different levels of government. This is particularly relevant to the development and implementation of tourism and environmental policies. Service provision, such as transportation, parking, and water and sewer capacities, must also be considered in conjunction with tourism plans and developments.

Cooperation

Cooperation among local businesses and tourism operators is essential given that one business or operation can be directly affected by the success or quality of another. Models of tourism partnerships must be explored in the areas of planning, management, marketing, and funding for tourism ventures. Local financial institutions can also play a role by working with local entrepreneurs to help provide businesses with the funds necessary for start-up. As well, there is a need to explore public-private partnerships to support the development and funding of tourism initiatives.

Cooperation among neighboring regions and communities is also important. In most instances, it is not just one town or site that attracts tourists but rather, the larger regional landscape that is the attraction. By working together communities can capture a range of benefits for the entire region while independent efforts could undermine tourism potential in a region and result in a duplication of efforts and a waste of limited resources. It is important that marketing linkages be established with other operators at the local, regional, national, and international levels.

Impact Assessment and Monitoring

There is a definite need for the assessment of the impacts of tourism development

⁸ Tourism Policy and Sustainable Development in Rural Areas, Tourism Committee, OCED, 1990.

proposals. The capacity of sites must be considered, including estimating physical, natural, social, and cultural limits. There must also be the monitoring and evaluation of plans and operations..

Education and Training

Education and training programs are necessary in order to ensure that local residents are in a position to obtain the necessary skills and knowledge to allow them to participate effectively in the tourism process. Links with academic institutions can help provide a range of educational services for a community. Training and education can take many forms, from formal in class instruction, to distance education, to self-paced computer based learning packages, to publications and manuals oriented to community participants. Consortia of educational institutions are in a position to design and facilitate the delivery of these programs and courses. In addition, some more specific training will also be required, in the areas of customer service, book-keeping, computers (maintaining financial, visitor records). Computers also present interesting opportunities with the use of geographic information systems and design programs for the development of tourism resource inventories.

Support/Resource Centres

The use of tourism development or resource centres that would provide on-going support for small tourism businesses should be established. Many tourism businesses are small and cannot afford to hire marketing or promotions experts. As well, they generally do not have the expertise to conduct market surveys, market analyses, or to network efficiently with the provincial, national, and even international tourism business community. Tourism support centres could offer the means for assisting tourism operators throughout the planning and development, and operation phases. Clerical, day-to-day business communication (e.g. fax, modem links) and office space could be provided by a facility of this nature, thereby relieving some of the operational burden from the small entrepreneur.

Business support/resource centres of this nature could be funded as a public-private partnership initiative with governments providing 50% of the funding and the other half provided by the businesses that access the support/resource centre. Businesses using the services of the centres could be required to pay a set fee or a pre-determined percentage of their profit for their period of operations. The centres could be based in or around universities and community colleges in order to facilitate linkages.

The Development of Sustainable Tourism Policies and Strategies

National, regional and local tourism related policies are required in order to provide direction for sustainable tourism development. Maintaining local government control over decision-making and keeping tourism within the capacity of local resources are two strategies for managing the core-periphery problem.⁹ Hence, government policies may have to be set on foreign investment in tourism (addressing forms, types, profit distribution, etc.), training and education of local residents within the destination, and on the use of natural and common goods. Stimulating domestic tourism and encouraging local participation in tourism development can also help to

⁹ Keller, Peter, C. Stages of peripheral tourism development - Canada's Northwest Territories. *Tourism Management*, 8(1): 20-32.

address core-periphery problems.

Financial incentives and assistance may also be required to aid tourism service providers in coping with the problems which are created by the seasonal nature of much tourism activity. For example, financial assistance may allow diversification into off-season and shoulder season activities by attracting specific user segments in these periods through marketing and promotion assistance.

CONCLUSION

The search for sustainable tourism does not entail 'throwing the baby out with the bath water'. Direct and indirect forms of government intervention might be necessary to ensure the protection of natural resources and the equitable distribution of economic benefits from tourism development. At the same time, incentives have to be provided to the private sector to encourage financial investment and development activity that adhere to the principles of sustainable tourism. Encouraging cooperation and collaboration among the diverse actors, as well as public-private sector partnerships, should assist in reducing potential and actual conflicts of interests and values. In addition, these actions should facilitate the more efficient use of resources and capabilities to achieve the destination's economic objectives. As the global environment heads toward the 21st century, creative leadership will be required to develop and spread the economic benefits from tourism equitably, while minimizing economic and other related costs. Careful monitoring and assessment of the economic impacts of tourism will help destination planners and managers forward the vision of economic sustainability at the destination and global level.

If countries, regions, and communities are to be in a position to take advantage of tourism as a form of economic development there will have to be a number of changes and programs put into place. They include:

- better tourism planning and management practices,
- coordination of activities at all levels of government operations,
- improved cooperation between businesses and communities, as well as between public and private sectors,
- improved impact assessment and monitoring practices,
- the design and delivery of a wide range of tourism educational and training opportunities,
- the provision of marketing and promotional assistance,
- more equitable access to employment, promotion, education and training for marginalized population groups,
- the establishment of tourism support/resource centres.

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