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Tourism and Sustainability

perspectives and pathways for social inclusion

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**Commission on Tourism,
Leisure and
Global Change**

International Geographical Union



Agenda

- Sustainable Tourism -
 - Sustainability through a social lens
- Do the social impact of tourism stand in the shadow of its economic structures?
 - Economic multipliers – plugging the leakages
 - Local Employment
 - Local value chains
 - Social entrepreneurship
- Reviewing policy options
 - The politics of development

Sustainable Development

World Conservation Strategy, 1980

World Commission on Environment and Development (WCED)

Publication of *Our Common Future*, 1987 : 8

“meeting the needs of the present without compromising the ability of future generations to meet their own needs”

Butler 1993 : 26

"tourism which is in a form which can maintain its viability in an area for an indefinite period or time"

Sustainability

Sustainable Harvest

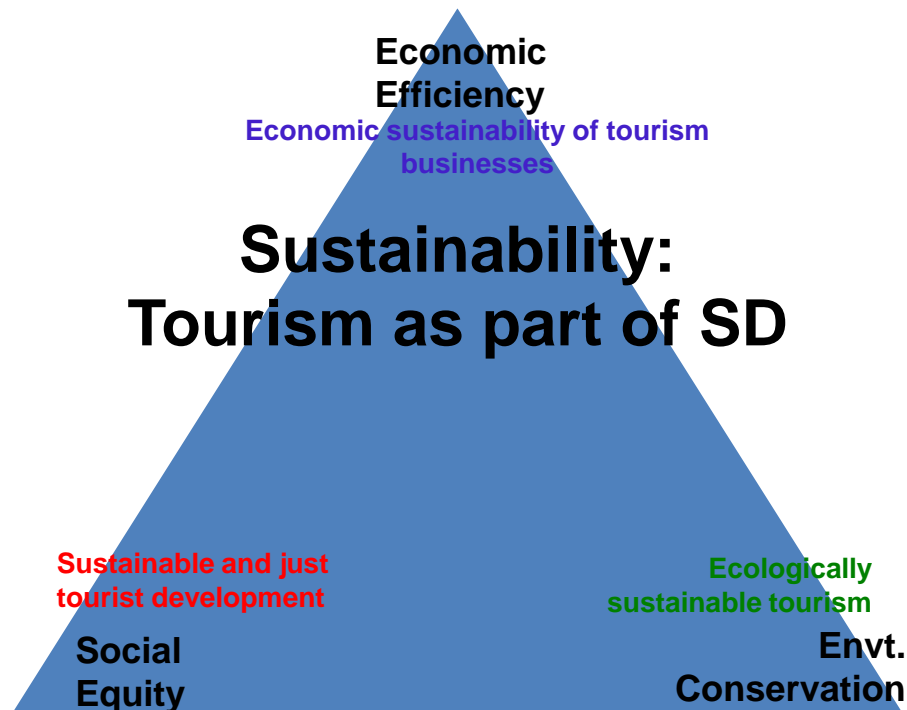
How much can we take while preserving the flow of resources for the future ?

Very difficult when we cannot see the entire stock or do not know replenishment rates



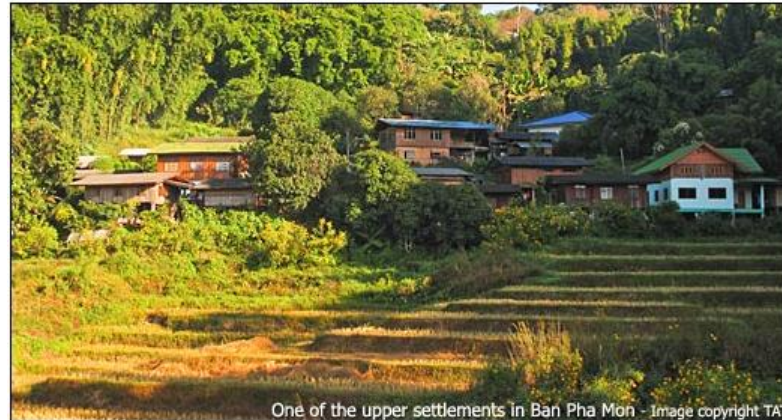
... and we have to share the resource with others

Three Principles of Sustainability



What is sustainable tourism?

Can we have sustainable tourism in an area (destination) that is not managed sustainably ??



Economic structures



<http://cdn.static.tuoiitre.vn/i/s500/2014/05/4aTPReW8.jpg>

Examine

- To what extent do the social impacts of tourism stand in the shadow of its economic structures?

Destinations want financial, economic and social development – within environmental limits

Measuring the Economic Benefits of Tourism Income flow

The Multiplier Effect



Direct

Sales of goods & services to tourists
ie. restaurants & accommodation

Indirect

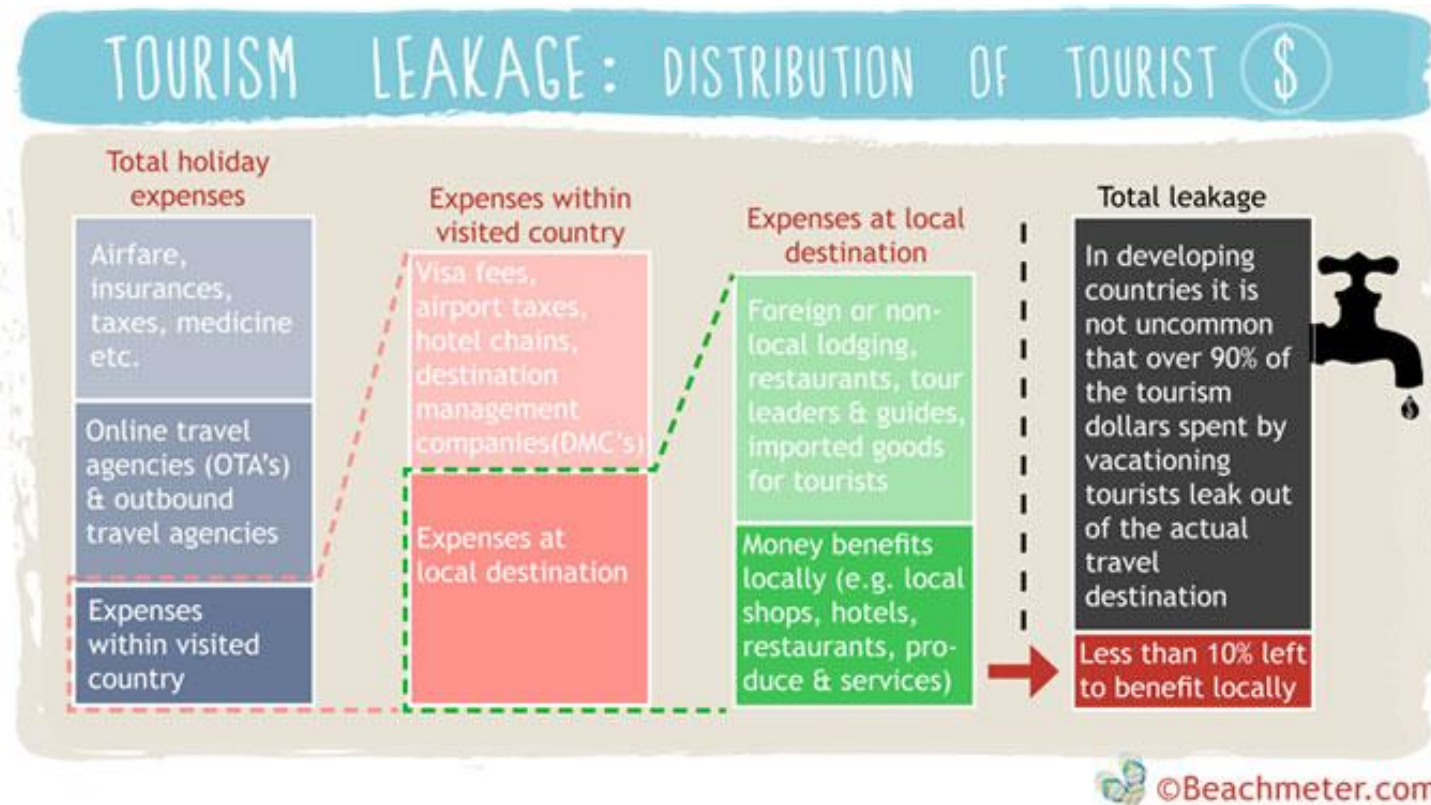
Increased demand by tourism businesses
ie. Food suppliers

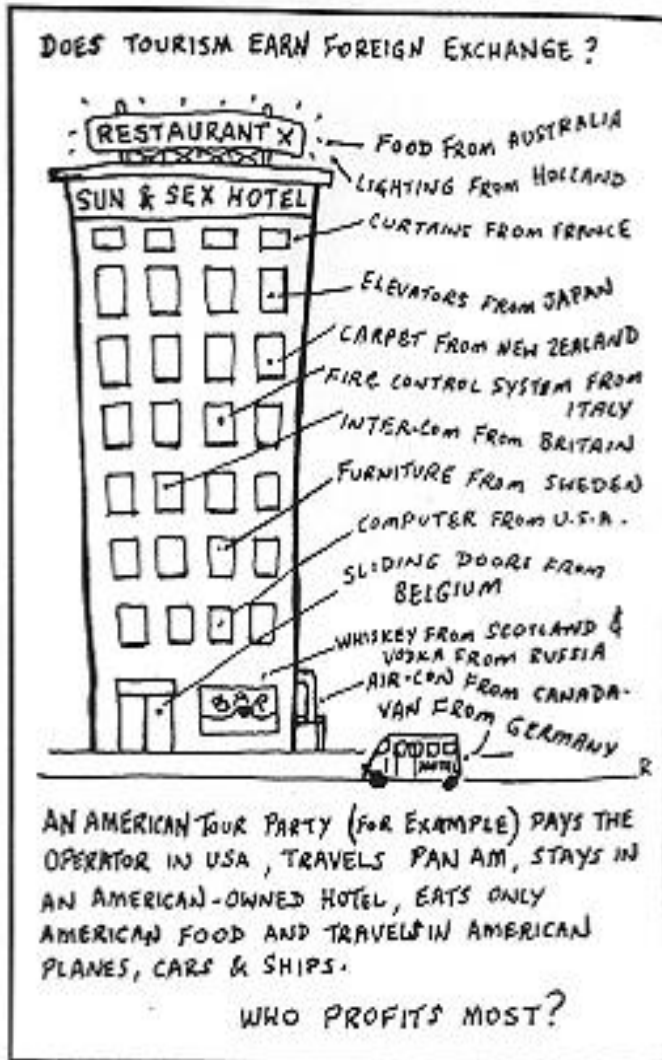
Induced

Responding labour income
ie. Shelter, food, clothing

Photos: <http://maytermthailand.files.wordpress.com/>, <http://www.crucecell.com> <http://fourteenip.com>

Tourist expenditure 'leaks' out of an economy each time resources or services are imported

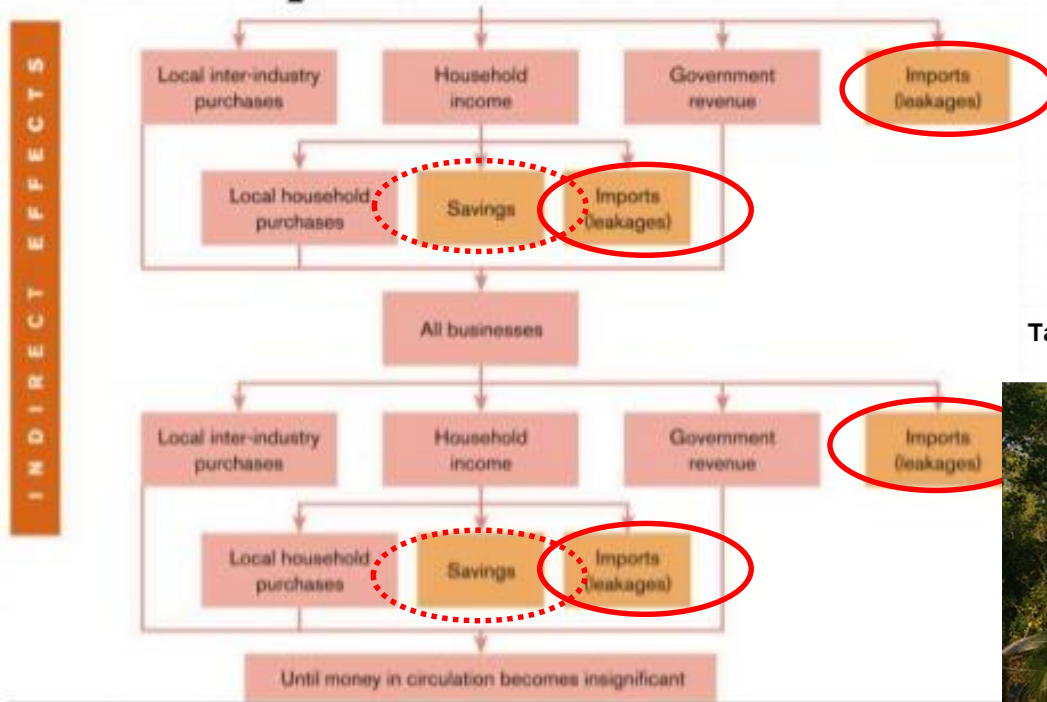




Leakages in

- * design /build
- * operation

Measuring the Economic Impact of Tourism



Talagatujah Homestay Village Tourism, Trang Province, southern Thailand (T. Sofield)



Figure 5.1 The multiplier process (cont' d)

Leakages (imported goods)

Food and drink

foreign food imports AND substitutes for local food
Foreign beverages (juices, beer, wine, spirits)

Remittance of **wages** by expatriates (non-locals)
managers
staff

Management **fees** and royalties

Interest on off-shore **loans**

Profits sent off-shore

Payments to off-shore carriers and travel companies

Costs of off-shore **promotion**

Additional goods and services for tourists (equipment, cameras)

Additional (indirect) expenditure on imports for those
benefitting from tourism



actually

Multiplier = Revenue/ leakages

BUT

Multipliers also trace the different ways tourist expenditure flows through the local economy /sectors

AND therefore, different types of tourism /tourists have different multipliers

Table 7. Economic Characteristics of the Tourist Industries^a

Sector	First Round Import Propensities ^b		Generation Coefficients ^c					
			Income		Employment		Govt. Revenue	
	Low	High	Low	High	Low	High	Low	High
Handicrafts	0.0	14.8	0.52	1.05	1.32	2.23	0.12	0.22
Small shops	0.0	1.8	0.24	0.30	0.36	0.45	0.11	0.16
Restaurants	1.5	3.5	0.40	0.62	0.60	0.73	0.19	0.27
Tours	1.0	18.6	0.18	0.86	0.50	0.85	0.13	0.21
Rental car	6.0	26.7	0.43	0.56	0.55	0.75	0.13	0.23
Internal air	20.8	31.0	0.27	0.42	0.49	0.75	0.14	0.28
Clothing	49.8	72.2	0.13	0.55	0.54	0.82	0.14	0.25
Dutyfree	64.9	68.0	0.21	0.33	0.40	0.43	0.19	0.24
Guest house	0.0	9.6	0.48	0.75	1.48	3.24	0.19	0.20
Motel	4.0	12.5	0.45	0.63	1.02	2.23	0.20	0.23
Hotel	15.0	61.0	0.32	0.53	0.60	1.17	0.11	0.27

^aLowest and highest sectoral figures from the five tourist industries.

^bPercentage of first-round expenditures on goods and services that are direct imports (purchases of imported goods from a local wholesaler are not considered to be first round imports).

^cIncome, employment, and government revenue generated at direct, indirect, and induced levels. Employment is standardized, government revenue excludes trading functions.

Sources: Milne (1987a, 1988, 1990a, 1990b, 1990c, 1991).

Tourism Multipliers * Sectors (South Pacific Islands)

Milne S. 1992, 'Tourism and Development in South Pacific Microstates'
Annals of Tourism Research 19 : 191 -212

Minimising leakages

a key policy in linking economic and social impacts

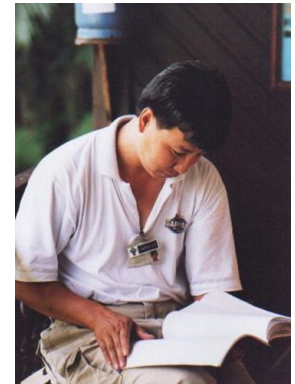
- Locals in employment
 - Why : jobs, income (other purchases), spend in local 'system'
 - Equity for women
- Local value chains
 - Substitute imports for local supplies.... Farmers,
- Social entrepreneurship
 - linking producers with markets
 - Assisting with development capital

Employment

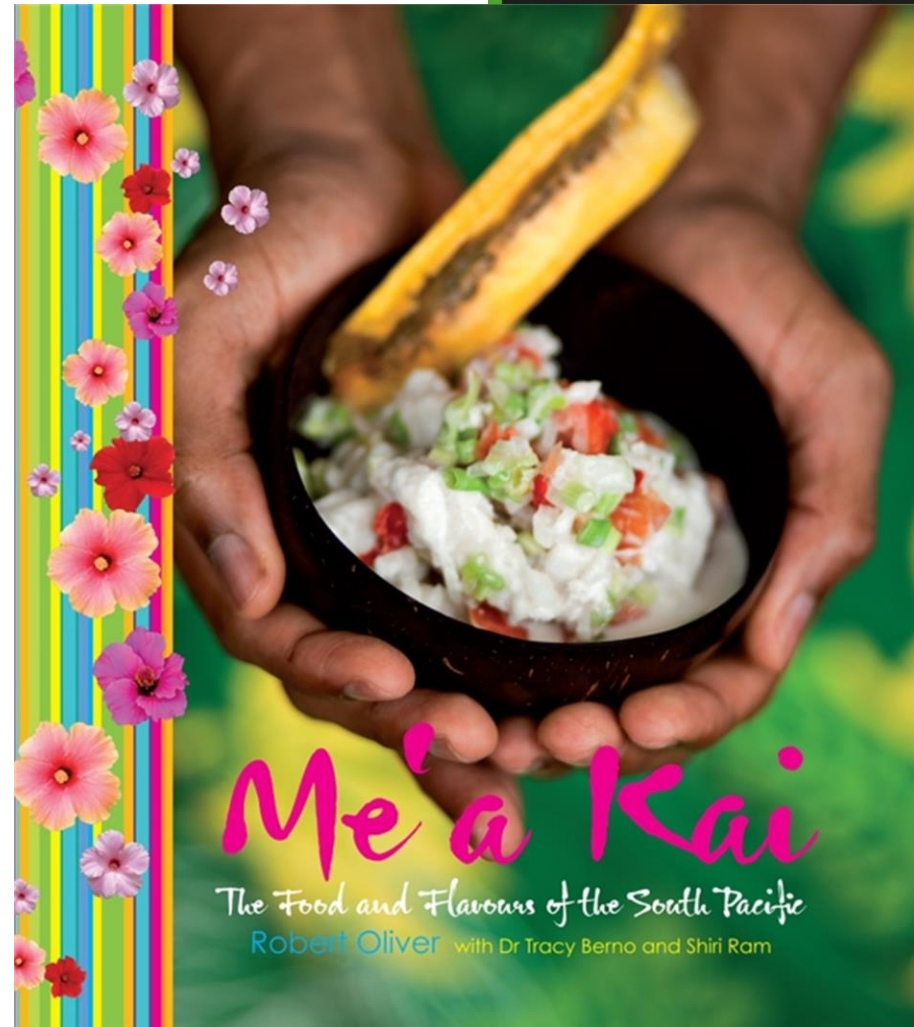
If governments cannot, or do not, invest in tourism infrastructure then the road to development is surely via employment

What are

- Training
- Education
- Upskilling
policies and opportunities?



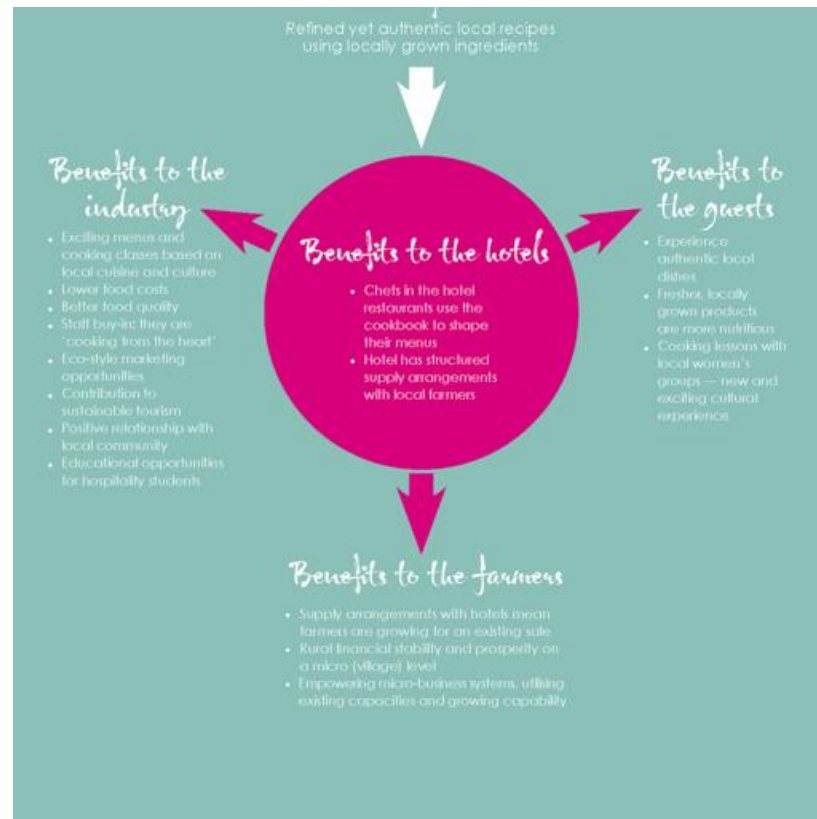
value chain



Tourism : rural development
Agriculture – tourism value-chains
South Pacific

How can communities take advantage of and “hook into” mainstream tourism without “doing tourism”?

- Linking agriculture to tourism (“farm-to-table”)
 - Increase economic retention
 - Disperse the economic benefits to rural poor
 - Increase the multiplier
 - Differentiate the tourism product
 - Improve the tourist experience



social entrepreneurship

Social entrepreneurship is the attempt to draw upon business techniques to find solutions to **social** problems.

Example:

Local food supply to restaurants, hotels.

quality

timeliness

supply /scale

access and knowledge



Social Entrepreneurship - types

- *The Leveraged Non-Profit*: leverages resources to respond to social needs. Leveraged non-profits are more traditional ways of dealing with issues, though are distinguished by their innovative approaches.
- *The Hybrid Non-Profit*: can take on a variety of forms, but is distinctive because the hybrid non-profit is willing to use profit to sustain its operations. Hybrid non-profits are often created to deal with market or government failures, as they generate revenue to sustain the operation outside of loans, grants, and other forms of traditional funding.
- *The Social Business Venture*: typically establish businesses designed to create change through social means. They evolved through a lack of funding—social entrepreneurs in this situation were forced to become for-profit ventures. [\[25\]](#)

John Elkington & Pamela Hartigan (2008). *The Power of Unreasonable People* Boston, MA: Harvard Business School Publishing.

Does it work?

An ODI review of 218 pro poor community based tourism projects in Africa (2008-2009) concluded that in terms of sustainability indicators the great majority (190) had not met expectations.

An earlier evaluation (McNab 2005) reached the same conclusion. There were residues of welfare benefits related to small improvements in basic education, sometimes in basic health and hygiene, but environmental benefits (such as improved solid and liquid waste management)



and income generating capabilities, were sometimes minimal. A lack of business acumen was often a key factor in less successful ventures. (T Sofield 2011)

Does it work?

The local Indonesian/ Lombok example

Walpole M J; Goodwin H J (2000)

Local Economic Impacts of Dragon Tourism in Indonesia

Annals of Tourism research 27 (3) 559- 576

Schellhorn M (2010)

Development for Whom? Social justice and the business of eco-tourism (Lombok, Indonesia)

Journal of Sustainable Tourism 18 (1) 115 - 135

Does it work?

The local Indonesian/ Lombok example

Komodo National Park (Lesser Sunda Is)

Traditional land owners (park inhabitants) have been largely bypassed in tourism development

1. Capital investment – excludes local participation : boats, hotels
2. Local people are “disadvantaged by a lack of relevant skills or the opportunity to undertake training”
3. A “paucity of linkages” between the industry and traditional production services of the local economy”

Constrain local benefits by limiting local access (both physically and economically) to the market

Sectoral and spatial outcomes

Table 3. Estimates of Revenue Generated in Local Communities (1995–96)

Business	Visitor survey (\$1,000s)			Business survey (\$1,000s)			Estimated leakage (%)
	Labuan Bajo	Labuan Bajo	Sape	Kampung Komodo	Total	% of total	
Accommodation	151	151	4	0	155	14.0	25
Restaurant		125	23	0	148	13.4	25
Meals	146						
Drinks	60						
Alcohol	69						
Souvenirs	98	127	0	6	133	12.0	60
Other retail		160	3	1	164	14.9	60
Consumables	373	412	25	7	444	40.2	48.2
Public transport	118	38	36	6	80	7.2	90
Charter boats	384	276	149	0	425	38.5	60
Transport	502	314	185	6	505	45.8	64.7
Total (\$1000s)	1026	877	214	13	1103	100.0	52.5
Range (\$millions)	0.7–1.4	0.5–1.3	0.2–0.3		0.6–1.6		
Margin of error (%)	33	48	24		43		
Proportion of total (%)		79.5	19.4	1.1	100		

Gng Rinjani, Lombok

Noted parallel social and spatial inequalities

During the past 25 years, entrepreneurial migrants have learned to utilise the *wetu telu* culture and local resources for their diverse tourist potential, and to their own commercial advantage. Treated widely as ethnic attractions to be gazed at (or hired by local tour operators as casual service personnel), the *wetu telu* peasants have acquired rather passive roles in this process. The migrants' business culture, in turn, has cemented its dominant role in the economic sphere by taking advantage of the most significant tourism-related trading and employment opportunities.

And even in a well resourced development programme

horn, 2007). While this particular project component initially focused on the *wetu telu* society, it lacked continuity. Budget and advisory support eventually shifted in favour of more tangible developments, especially new tourism products, improved services and an expanded national park management system (David et al., 2005; Schellhorn, 2007). These

Table 5. Barriers to native participation in tourism development.

Barrier type	Indicative trend	Tourism industry effect	Development outcome
Cultural	Centrality of customs (<i>adait</i>): reciprocity, generosity, nature-based spiritual values; cultural responsibilities and communal harmony as principles	Casual time management, low work dependability, less entrepreneurial; reluctance to compete, charge guests or “exploit” nature and culture	Missed job/income opportunities; lower skill levels; no native enterprise development
Education	Adult illiteracy common; short schooling, skill levels generally lower; limited language abilities, native people labelled as “shy”	Entrepreneurial motivation low, inability to compete; low native trade participation/high business failure rates	No native business development; low native employment rate, male dominance
Ethnic	Reclusion and withdrawal due to past discrimination and fear; stereotyped through labelling such as “lazy” and “shy”	Introversion, reluctance to compete in business or assume “front line” roles, no external network or business relations	Outsiders take over local jobs; objectifying village tours; cultural tourism products weak
Gender	Culturally enforced roles, women marry young, high endogamy rate	Women avoid public roles, shyness towards strangers	Men dominate tour operations and guiding
Political/historic	Religious minority; oppression and discrimination, patronisation and labelling → low self-esteem	Reluctance to take active public roles, reclusion and isolation, fear of strangers	No <i>wetu telu</i> tourism businesses, low general industry participation
Location	Greater distance from tourism corridor, mainly by walking track	Slow uptake of short-notice jobs or business opportunities	Fewer native people in tourism workforce
Mobility	Few travelled outside district, very few own motorised transport	Restricted access to business, job, training, markets, networks	Low skill/education levels, low job access
Socio-economic	High poverty rate, dominant subsistence	Slow uptake of technological	No native businesses/low

Schellhorn M
(2010)

Barriers to Native Participation

SUMMARY

Tourism development for sustainability outcomes requires an all of systems approach

Practical insights (and immediate development activities) can be gained from an understanding of multipliers

- Employment (reinforcing links to the local economy)
- Supply chains (actively developing links to local sectors)
- Social entrepreneurship (developing local business capacities)

The evidence from refined studies (moving the lens away from the macro to the micro level) indicates however that we need a more mindful analysis and programme of activity to address the broader 'development agenda' implicit in tourism, MDGs.

A final thought

English (1986 : 37)

writing on third world tourism to the present “tourism has merely put its hand into the glove of previous colonial practices”

We might now add –

it appears to also put its other hand into the glove of previous ethnic practices, tensions and prejudices.

Tropical Tourism Outlook Conference

Balancing Development and Sustainability in Tourism Destinations

Lombok, Indonesia, 29–31 July 2015



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perspectives and pathways for social inclusion

Questions ... Comments

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