Tourism and Sustainability
perspectives and pathways for social inclusion

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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

- Economic Efficiency
  - Economic sustainability of tourism businesses

Sustainability:
Tourism as part of SD

- Social Equity
  - Sustainable and just tourist development

- Envt. Conservation
  - Ecologically sustainable tourism

New Zealand’s specialist land-based university
What is sustainable tourism?

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

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, i.e., restaurants & accommodation
- **Indirect**: Increased demand by tourism businesses, i.e., food suppliers
- **Induced**: Respending labour income, i.e., shelter, food, clothing

Tourist expenditure ‘leaks’ out of an economy each time resources or services are imported.
Leakages in

* design / build
* operation

An American tour party (for example) pays the operator in USA, travels Pan Am, stays in an American-owned hotel, eats only American food and travels in American planes, cars & ships.

Who profits most?
Measuring the Economic Impact of Tourism

**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

<table>
<thead>
<tr>
<th>Sector</th>
<th>First Round Import Propensities</th>
<th>Generation Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Handicrafts</td>
<td>0.0</td>
<td>14.8</td>
</tr>
<tr>
<td>Small shops</td>
<td>0.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Restaurants</td>
<td>1.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Tours</td>
<td>1.0</td>
<td>18.6</td>
</tr>
<tr>
<td>Rental car</td>
<td>6.0</td>
<td>26.7</td>
</tr>
<tr>
<td>Internal air</td>
<td>20.8</td>
<td>31.0</td>
</tr>
<tr>
<td>Clothing</td>
<td>49.8</td>
<td>72.2</td>
</tr>
<tr>
<td>Dutyfree</td>
<td>64.9</td>
<td>68.0</td>
</tr>
<tr>
<td>Guest house</td>
<td>0.0</td>
<td>9.6</td>
</tr>
<tr>
<td>Motel</td>
<td>4.0</td>
<td>12.5</td>
</tr>
<tr>
<td>Hotel</td>
<td>15.0</td>
<td>61.0</td>
</tr>
</tbody>
</table>

*Lowest and highest sectoral figures from the five tourist industries.

\(^{b}\)Percentage 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).

\(^{c}\)Income, employment, and government revenue generated at direct, indirect, and induced levels. Employment is standardized, government revenue excludes trading functions.

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]

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

<table>
<thead>
<tr>
<th>Business</th>
<th>Visitor survey ($1,000s)</th>
<th>Business survey ($1,000s)</th>
<th>Estimated leakage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Labuan</td>
<td>Labuan</td>
<td>Sape</td>
</tr>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurant</td>
<td>151</td>
<td>151</td>
<td>4</td>
</tr>
<tr>
<td>Meals</td>
<td>146</td>
<td>125</td>
<td>23</td>
</tr>
<tr>
<td>Drinks</td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol</td>
<td>69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Souvenirs</td>
<td>98</td>
<td>127</td>
<td>0</td>
</tr>
<tr>
<td>Other retail</td>
<td>160</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Consumables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public transport</td>
<td>118</td>
<td>38</td>
<td>36</td>
</tr>
<tr>
<td>Charter boats</td>
<td>384</td>
<td>276</td>
<td>149</td>
</tr>
<tr>
<td>Transport</td>
<td>502</td>
<td>314</td>
<td>185</td>
</tr>
<tr>
<td>Total ($1000s)</td>
<td>1026</td>
<td>877</td>
<td>214</td>
</tr>
<tr>
<td>Range ($millions)</td>
<td>0.7–1.4</td>
<td>0.5–1.3</td>
<td>0.2–0.3</td>
</tr>
<tr>
<td>Margin of error (%)</td>
<td>33</td>
<td>48</td>
<td>24</td>
</tr>
<tr>
<td>Proportion of total (%)</td>
<td>79.5</td>
<td>19.4</td>
<td>1.1</td>
</tr>
</tbody>
</table>
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 (Schellhorn, 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>
<thead>
<tr>
<th>Barrier type</th>
<th>Indicative trend</th>
<th>Tourism industry effect</th>
<th>Development outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural</td>
<td>Centrality of customs (adat): reciprocity, generosity, nature-based spiritual values; cultural responsibilities and communal harmony as principles</td>
<td>Casual time management, low work dependability, less entrepreneurial; reluctance to compete, charge guests or “exploit” nature and culture</td>
<td>Missed job/income opportunities; lower skill levels; no native enterprise development</td>
</tr>
<tr>
<td>Education</td>
<td>Adult illiteracy common; short schooling, skill levels generally lower; limited language abilities, native people labelled as “shy”</td>
<td>Entrepreneurial motivation low, inability to compete; low native trade participation/high business failure rates</td>
<td>No native business development; low native employment rate, male dominance</td>
</tr>
<tr>
<td>Ethnic</td>
<td>Reclusion and withdrawal due to past discrimination and fear; stereotyped through labelling such as “lazy” and “shy”</td>
<td>Introversive, reluctance to compete in business or assume “front line” roles, no external network or business relations</td>
<td>Outsiders take over local jobs; objectifying village tours; cultural tourism products weak</td>
</tr>
<tr>
<td>Gender</td>
<td>Culturally enforced roles, women marry young, high endogamy rate</td>
<td>Women avoid public roles, shyness towards strangers</td>
<td>Men dominate tour operations and guiding</td>
</tr>
<tr>
<td>Political/historic</td>
<td>Religious minority; oppression and discrimination, patronisation and labelling → low self-esteem</td>
<td>Reluctance to take active public roles, reclusion and isolation, fear of strangers</td>
<td>No wetu telu tourism businesses, low general industry participation</td>
</tr>
<tr>
<td>Location</td>
<td>Greater distance from tourism corridor, mainly by walking track</td>
<td>Slow uptake of short-notice jobs or business opportunities</td>
<td>Fewer native people in tourism workforce</td>
</tr>
<tr>
<td>Mobility</td>
<td>Few travelled outside district, very few own motorised transport</td>
<td>Restricted access to business, job, training, markets, networks</td>
<td>Low skill/education levels, low job access</td>
</tr>
<tr>
<td>Socio-economic</td>
<td>High poverty rate, dominant subsistence</td>
<td>Slow uptake of technological change in tourism</td>
<td>No native businesses/low benefit development</td>
</tr>
</tbody>
</table>

Schellhorn M (2010)  
Barriers to Native Participation  
IGU, Commission on Tourism, Leisure and Global Change
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.
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perspectives and pathways for social inclusion

Questions ... Comments

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