

**The Role of Tourism in Economic Development.**

**(Dissertation Proposal)**

**Name**

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## **Title**

The Role of Tourism in Economic Development.

## **Aim**

To Investigate the Role of Tourism in Economic Development in Host Destinations.

## **Research Objectives**

The purpose of conducting this research study is to discover and explore how the tourism industry contributes to economic development in host destinations. In doing this, some objectives have been composed in order to guide the study. These are as follows:

- To identify ways tourism contributes to economic development.
- To evaluate the factors which can hinder economic development in tourist destinations.
- To assess the most successful methods of tourism in facilitating economic development.
- To provide recommendations on how to accelerate economic development in tourist destinations more effectively.

## **Rationale**

Tourism has always had a role to play in economic development however; its ability to truly facilitate positive changes through this was only highlighted when measures such as corporate social responsibility (CSR) came to light in the industry (Coles, et al., 2013). The latest figures suggest that the global economic impact from travel and tourism generated a total of 4.6% to GDP (gross domestic product) and also created 9.9% of all jobs worldwide (World Travel & Tourism Council [WTTC], 2018). According to the statistics produced by WTTC over the last seven years, travel and tourism has continued to grow in terms of its economic impact (WTTC, 2018). As a result, this indicates that tourism does have a significant role in facilitating economic development and with tourism continuing to rise, it becomes important to assess what types of economic progress has been made in tourist destinations (Li, et al., 2018). Economic development has also become a determining factor for a majority of tourist destinations as well, because in order for tourism to take place, residents also want to feel and gain positive economic

impacts to their local areas and livelihoods (Garcia, et al., 2015). Therefore, the research aim and objectives of the study will help investigate this further and contribute to identifying the current role or roles tourism has in economic development.

## **Overview of Literature and Concepts**

Tourism is often viewed as an economic tool, especially for developing countries (Mitchell & Ashley, 2010). This is most commonly in the form of income, exchange rates, the multiplier effect and employment (Sharpley & Telfer, 2015). Tourism has been described as an industry which is very different to the consumption of other products and services as it relies heavily on a destinations features and assets such as beaches, mountains, cultural amenities, hotels, restaurants and so forth (Kajan, 2013). As a result, host destinations are required to maintain their natural assets so that they can continue to attract and provide tourism experiences (Alaeddinoglu & Can, 2011). However, this has previously been contested by the works of Honey (1999) and Dieke (2000) who argued to what extent economic development is actually being accrued in local destinations due to the number of multinational corporations operating in the area. In addition to this, other academics have stipulated the risks of tourism in developing countries and whether it causes more harm than good as it has the potential to damage the very features which they are selling to tourists (McKercher, 1993; Biddulph, 2015).

Vanhove (1981) discusses the direct, indirect and induced effects of tourism and is one way of assessing economic development in a region or area. When tourists visit and spend money within a region, some of the direct economic impacts felt from this are an increased turnover for enterprises such as restaurants and employment in order to cater for more visitors (Mason, 2016). This can lead to the development of indirect effects such as having to source additional suppliers to provide goods and services to tourism businesses in order to meet visitor demand for instance. Induced effects are usually felt in the form of changing incomes for people which have increased as a result of the direct and indirect effects of tourism (Dwyer, et al., 2010). In this respect, tourism has a crucial role in the economic development process of a destination and also has a close relationship with improving and delivering positive social impacts as well (Mbaiwa, 2003). Furthermore, when tourism enterprises, especially multinational corporations, identify how they are contributing towards certain developments in a destination whether this be in the form of

economic, social or environmental improvements, tourists are more inclined to travel to those destinations where they know the money which they spend is being invested back into the communities (Liu, et al., 2012). Therefore, sustainable economic development in destinations is also being brought to the attention of the tourism industry and visitors.

## **Research Approach**

The research approach which will be adopted for this study is secondary research. Secondary research has been deemed appropriate due to the number of literature published on economic development as a result of tourism in destinations (Hair, 2011). Secondary research also covers a large spectrum of data which is conducted by big institutes such as WTTC which proves to be beneficial to this study due to the extensive amount of countries which it includes in its collection of economic impacts (WTTC, 2018; Rubin & Babbie, 2010). Secondary research is associated with the inductive approach as well, allowing the researcher to interpret the sources employed (Stommel & Wills, 2004). More importantly, Saunders, et al., (2009) states that qualitative methods enable the researcher to explore a phenomenon by using a wide range of resources to identify themes and patterns. In respect of this study, previous case studies conducted by academics on the role of tourism in economic development will be utilised to identify the different ways tourism contributes to this, as well as evaluating the factors that can also stop destinations from feeling the full impacts of economic development as outlined in the objectives.

## **Strengths and Limitations of Study**

Some of the strengths of this study revolve around the notion that it is a relevant topic which needs to continue to be discussed and reviewed as tourism is growing and also changing (Vodeb, 2012). As economic development from tourism is mainly felt in developing countries, it will also help place emphasis on whether tourism has enabled these destinations to progress economically by discussing things such as GDP and supply and demand. Another strength of this study could lie in the fact that some solutions may come to surface after making recommendations on how the tourism industry can improve economic development in the destinations which they operate in. Additionally, as the research approach is secondary, gaining permission from an ethical

committee or body will not be required as there will not be any involvement of primary research in regards to obtaining or using personal data and human subjects (Wiles, 2013). This makes ethical considerations easier and also less time consuming as the study is likely to be approved quickly.

However, some of the limitations of this study could be that economic development in tourism does not always receive as much attention as social or environmental development for instance (Moscardo & Murphy, 2012). Research suggests that there are more articles published on these two areas, especially environmental as it has grown its presence globally, where it is now being addressed in every industry and there is a pressure to conform to environmentally friendly practices which is being further escalated by media outlets (Dolnicar, 2008). As a result, obtaining information to support the role of tourism in economic development maybe challenging. On the other hand, this further reiterates the significance of the title and the need to publish more studies on this topic. Another possible limitation could be in the form of the chosen research approach, as the use of primary data may have allowed for the collection of more accurate data due to the fact that secondary sources may not always be credible as it can consist of assumptions made by the author (Gravetter & Forzano, 2016).

### **Project Outcomes**

This study aims to provide more information on the current position of tourism's role in economic development. With positive statistics being portrayed by the WTTC which demonstrate a consistent economic growth over the past seven years from tourism, it becomes important to identify how economic development is progressing in destinations. Therefore, the outcomes of this project should be able to provide a better insight into destinations where economic development is present as a result of tourism and determine whether economic benefits are being seen in the form of increased employment, GDP, local business growth and so on. Additionally, the recommendations seek to inform the tourism industry of ways in which they can contribute to improving economic development and what additional measures they can adopt in order to ensure the benefits from tourism are more impactful to the local population.

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